

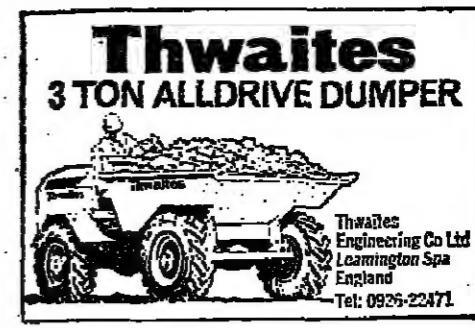
# FINANCIAL TIMES

Wednesday February 8 1978

\*\*15p

No. 27,480

CONTINENTAL SELLING PRICES: AUSTRIA Sch.115; BELGIUM Fr.25; DENMARK Kr.3.5; FRANCE Fr.3.6; GERMANY DM2.0; ITALY L.380; NETHERLANDS Fl.2.0; NORWAY Kr.3.5; PORTUGAL Esc.20; SPAIN Pes.10; SWEDEN Kr.3.25; SWITZERLAND Fr.2.0; EIRE 15p



Clothes Distinction  
Holland and Sherry  
LONDON  
Showroom: 78 NEW BOND STREET, LONDON W1A 3AQ  
Telephone: 01-580 477414  
Member of THE HOLLAND GROUP

## NEWS SUMMARY

GENERAL

Ethiopia Gilts react sharply: Wall St. up 10

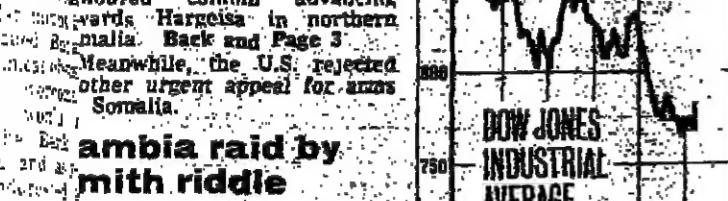
GILTS reacted sharply to the clearing banks' figures, and an early rally was reversed by falls of 1. The Government Securities Index closed unchanged at 74.05.

EQUITIES moved up five points in the first half-hour of trading and rises extended to 7.9 by 3 p.m. on bear-covering. The FT Ordinary index closed 5.6 up at 463.2.

STERLING fell 45 points to \$1.6355 in thin trading and its trade-weighted index remained at 66.8. The dollar's depreciation narrowed to 4.40 per cent. (4.45).

GOLD fell \$1 to \$1751.

DOW JONES INDUSTRIAL AVERAGE



WALL STREET closed 10.23 up at 778.85, following favourable company news.

U.S. TREASURY bill rates: Thre. 6.476 (6.442) per cent. Sixes 5.732 (5.715) per cent.

SPAIN has agreed a \$500m loan from the IMF, conditional on the Spanish government carrying out a programme of economic reform. Page 2

TOTAL NET wealth of private individuals in the U.K. at the end of 1976 was £225bn, according to figures released by the Central Statistical office. Back and Page 17.

HOUSE PRICES could rise by 13 per cent. this year, according to the Building Societies' Association. Page 7.

ROLLS-ROYCE is to recall all last year's production of Silver Shadow, Carmarque and Corniche models because of a fault on the automatic speed control. Back Page.

ITALY move

Italian Communist Party at night dropped its insistence in Cabinet posts in an emergency Government and said it is ready to join a Parliament majority supporting a new government. Page 2.

Lebanon fighting

At least 22 people were killed when Lebanese troops clashed with Syrians of the Arab Free Army. Page 3.

CONGO executions

Men who were condemned to death in connection with the assassination of President Mobutu have been executed. It is announced in Brazzaville.

briefly

Swindon, accompanied by his wife, was killed by a Lehigh group of 100 men, 20 people, dead. In New England, three people shot to death in a bank and truck, identified by last night's paper.

Tobacco provided less than half of the group's profits for the first time, and problems with the New Smoking Material may result in the closure of the Ardeche factory.

Mr. Peter Godfrey, a former Hong Kong police chief, is being sued in the High Court by the Hong Kong Government for £445,000 alleged to have been received in bribes.

National Hunt jockey Jonjo O'Neill needs one more winner to reach his century for the season. Today's racing. Page 14.

Soccer: League Cup, first leg semi-final: Liverpool 2, Arsenal 1; to currency fluctuations. Page 22.

## CHIEF PRICE CHANGES YESTERDAY

(Prices in pence unless otherwise indicated)

RISSES

|                     |     |    |
|---------------------|-----|----|
| Ass'd. Dairies      | 222 | 3  |
| Ass'd. F. Cement    | 222 | 4  |
| Ba'st. Dd.          | 215 | 9  |
| Bibby (J.)          | 220 | 7  |
| Brown (J.)          | 225 | 17 |
| Camellia Inv.       | 124 | 4  |
| Dowdell A.          | 184 | 8  |
| European Ferries    | 108 | 44 |
| General Accident    | 215 | 8  |
| CEC                 | 257 | 5  |
| GKN                 | 277 | 6  |
| Ladbrokes           | 137 | 5  |
| Man. Agency & Music | 208 | 5  |
| Metal Box           | 208 | 6  |

FALLS

|               |     |    |
|---------------|-----|----|
| Poko-Wellsend | 425 | 33 |
| Premium       |     |    |

## New move in sanctions row angers industry

# Government seeks 10% pay pledge in State contracts

BY RICHARD EVANS, LOBBY EDITOR

All future contracts between the Government and private companies will include a clause to ensure that the pay guideline of 10 per cent. is rigidly maintained, Mr. Roy Hattersley, Secretary for Prices and Consumer Affairs, announced in the Commons yesterday.

The controversial proposal, which will take effect almost last night that if companies agreed to a pay settlement above 10 per cent. after signing a contract containing the new clauses the penalty on a fixed price contract would be termination. In the case of a variable price contract.

But the Government comfortably survived by 292 votes to 278 a Conservative attempt in the Commons to underline the illegal misuse of discretionary powers by Ministers.

The victory, gained despite about a dozen Left-wing abstentions, means that the Commons has in effect upheld the Government's policy of operating sanctions against industry without full statutory backing.

The new policy, which came as a surprise to MPs, means that the sanctions on industry to observe the voluntary 10 per cent. guideline will be considerably extended without the need for fresh legislation.

The clauses, requiring companies to implement pay controls, will apply both to fixed and variable price contracts and to future offers of Government assistance to industry.

Continued on Back Page

Parliament Page 8  
Labour News Page 12  
Miners see Murray Back Page  
News Analysis, Page 6

## Increased EEC pressure on Japan over trade

BY GUY DE JONQUIERES, COMMON MARKET CORRESPONDENT

THE EUROPEAN Commission has instructed the Commission's attempts to negotiate an agreement with Foreign Ministers to-day to make new approaches to Japan which would limit the quantities and prices of the steel exported to the Community have run into difficulties.

Viscount Etienne Davignon, the Industry Commissioner, told the Council of Ministers that the Japanese were baulking at the negotiations because they believed the EEC's temporary base price system was being applied unfairly.

The Commission has given a set of "guidelines" for its talks with the Japanese. Although their contents are confidential, they are believed to boost economic growth and to remove barriers to European exports.

To underline the urgency of the EEC's attacks to the problem, the Commission has been asked to report on the progress made in the talks to heads of government of the nine Common Market countries when they meet in Copenhagen early in April.

In another move to emphasise the seriousness of the negotiations, the Foreign Ministers decided that there should be represented at the talks through the council's presidency, currently held by Denmark. This is the first time that the council has taken part in talks of this kind.

Meanwhile, it was disclosed surplus which it has promised.

BRUSSELS, Feb. 7.

Mr. Nobuhiko Ushiba, Japan's Minister of External Economic Affairs, was told this by Mr. Roy Jenkins, President of the EEC Commission, when the two met in Brussels about ten days ago.

But Mr. Ushiba is understood to have said then that his Government did not plan any more

expansionary measures and did not contemplate taking further actions on the trade front outside the GATT multilateral negotiations, now in progress in Geneva.

Dr. David Owen, the Foreign Secretary, suggested to-day that one way in which Japan could do more would be to shorten the period in which it was promised to double its foreign aid spending from five to two years.

Such a step would still bring Japan's aid budget only to 0.14 per cent. of its gross national product but could stimulate significantly the purchasing power of developing countries.

Dr. Owen emphasised it was not intended to bring about a confrontation with Japan. But the EEC must make its views on trade known to Japan independently of the talks going on between the Japanese and the Carter Administration.

Japanese shipbuilding Page 16

## Cut tax with oil cash—Thatcher

BY DAVID FREUD

NORTH SEA oil revenue should be used to reduce personal taxation rather than be allocated by considerable support among the State. Mrs. Margaret Thatcher, Conservative leader, by the Treasury, said yesterday.

Speaking to overseas bankers in London she added that money would flow more efficiently to good purpose. "The extra tax revenues from the oil will be used for the period from our major international competitors."

The State inevitably would spend the proceeds incorrectly on trying to preserve yesterday's jobs instead of using them to create the jobs of tomorrow.

Mrs. Thatcher's speech reinforces several similar pronouncements by Sir Geoffrey Howe, Chancellor. Its timing means it is likely tensions of recent years to be seen as an implicit attack

with determined restraint in State spending, this extra tax yield could enable us to reduce our personal tax rates at least to parity with those of our major international competitors."

While the taxpayer might spend some of the extra revenue on imports, as was often argued.

He would also in part save them and reinvest them directly or indirectly in Britain's industries and services—not perhaps in the industries and services preferred for support by Government precisely because their record makes it hard or impossible for them to attract funds from anyone else, but in the businesses which are geared to cater for the markets of tomorrow."

"They could do more. Coupled

## CONTENTS OF TO-DAY'S ISSUE

|                   |     |                |       |                        |       |
|-------------------|-----|----------------|-------|------------------------|-------|
| European news     | 2   | Technical Page | 12    | Intl Companies         | 22-23 |
| American news     | 4   | Management     | 13    | Euromarkets            | 22    |
| Overseas news     | 3   | Arts page      | 15    | Wall Street            | 24    |
| World trade news  | 4   | Leader page    | 16    | Foreign Exchanges      | 24    |
| Home news—general | 6-7 | U.K. Companies | 18-21 | Farming, raw materials | 25    |
| —labour           | 12  | Mining         | 21    | U.K. stock market      | 26    |
| —Parliament       | 8   |                |       |                        |       |

## FEATURES

Japan: Keeping the wolf from the shipyard door 16  
How personal wealth is invested 17

Leading private airline leads attack on SAS 1  
Nambia's independence: The race against time 2

U.S. steel sales down but outlook improves 4

Isuzu's expansion plans for passenger cars 23

Cut in North Sea oil prices, Page 6  
Men and Matters, Page 16

U.S. steel holdings 18-19  
(Comment Page 12)

STATEMENTS

Today's Events 21

Trade Events 22

Unit Trans. 27

Weather 28

Rate Lending Rates 27

# Control of money supply slips again

BY MICHAEL BLANDEN

THE GOVERNMENT'S control to the U.K. private sector rose £576m. But the bulk of this was accounted for by the end-year debiting of interest and commission charges and the incidence of corporation tax.

The figures suggest the growth of the sterling money stock on the wider definition (M3) accelerated sharply. The signs of that in the first nine months of the financial year the increase has exceeded the top end of the official target range of 9.1 per cent.

Sir John Methven, director-general, gave a warning within days of Mr. Hattersley's announcement, that the confederation's council would consider recommending to members next Wednesday that they should strike any pay policy clauses out of contracts offered by the Government.

This would be tantamount to refusing the contract and, if adopted by all confederation member companies, would hit Government and other public sector business.

The confederation's plan was discussed last week by its president's committee of top industrialists and, judging by the balance of the debate then, is likely to receive substantial backing on Wednesday.

This means that the Government's plans have pushed the confederation into considering its first collective protest action in its 13-year history. The event marks a watershed in development of more aggressive policies which it has started adopting over the past year.

The growth rate is likely to have increased again, though it is difficult to estimate money supply growth from eligible liabilities at a time of year when heavy seasonal adjustments have been made.

These include, in one direction, the effects of tax payments to the Government and in the other the normal seasonal reduction in the amounts of cash held by the public after the Christmas build-up. Another source of uncertainty lies in the effects which earlier inflows from abroad might continue to exert on the money stock.

One reason the flow of tax payments made less impact than usual on the banking figures was the abnormally high sales of certificates of tax deposit to companies two months ago—in effect an advance payment of tax.

The reserve ratio of the five London parent banks rose from 13.5 per cent. to 13.6 per cent. Sterling advances by the Scottish clearing banks to the U.K. private sector rose £22m. and their sterling deposits from U.K. residents fell £9m.

Editorial comment Page 16  
Tables Page 20  
Lex Back Page

was expected. The banks say part of the underlying increase might have been due to the income-tax rebates which led to a smaller flow of funds to the Exchequer in late December.

The confederation's plan has been offset by its president's committee of top industrialists and, judging by the balance of the debate then, is likely to receive substantial backing on Wednesday.

This means that the Government's plans have pushed the confederation into considering its first collective protest action in its 13-year history. The event marks a watershed in development of more aggressive policies which it has started adopting over the past year.

These include, in one direction, the effects of tax payments to the Government and in the other the normal seasonal reduction in the amounts of cash held by the public after the Christmas build-up. Another source of uncertainty lies in the effects which earlier inflows

## EUROPEAN NEWS

## GISCARD-SCHMIDT SUMMIT ENDS

## Deep concern at U.K. fish policy

BY ROBERT MAUTHNER

FRANCE AND West Germany to-day agreed that they would do their utmost to "persuade" Britain to drop its opposition to a common European fisheries policy.

This was made clear after the two-day Franco-German summit meeting here at which President Giscard d'Estaing and Chancellor Helmut Schmidt expressed their "deep concern and regret" at the British Government's attitude in the fisheries negotiations in Brussels.

At the last meeting of Common Market Agriculture Ministers, Britain rejected the terms for a Community fisheries policy agreed by the other member states because they did not provide for "dominant preference zones," in which fishers of coastal states would be given priority.

Spokesmen for the two

Governments emphasised that rapidly as possible with studies the directives for a Common Market fisheries policy had been successful European Airbus, the clearly laid down at a European Council meeting in July, 1976.

These called for the equitable treatment of the fishermen of all member countries in Community waters, and it was important that the fisheries policy should not be an exception to the basic solidarity of the member states.

Though the word "pressure" was not pronounced by either side—Herr Armin Gruenwald, the German spokesman, preferring the phrase "an effort of persuasion"—it is clear that also pursue their studies of plans for the joint construction with France and West Germany will now make strong diplomatic representations to make Britain change its mind.

President Giscard and Herr Schmidt took no final decision at the summit on the joint construction of a new civil airliner. But both the French and German Governments are anxious to France and Italy.

It was indicated to-day that if the U.K. decides to stay out of the project, there is still a possibility that France and West Germany will go ahead with it alone or with other partners.

During their discussions of the problem of the Common Market's enlargement, President Giscard and Herr Schmidt agreed on the desirability of Greece's entry into the Community and on a time-table for the negotiations, subject to the approval of the other member states.

During their discussions of the problem of the Common Market's enlargement, President Giscard and Herr Schmidt agreed on the desirability of Greece's entry into the Community and on a time-table for the negotiations, subject to the approval of the other member states.

They considered that the negotiations on Greece's membership should be concluded by the end of this year, but stressed that a satisfactory solution must be found for the problem of Greece's agricultural exports.

President Giscard and Herr Schmidt took no final decision at the summit on the joint construction of a new civil airliner. But both the French and German Governments are anxious to France and Italy.

## Profit-taking helps franc to regain ground

BY DAVID CURRY

THE FRENCH franc recovered ground to-day after what the Bank of France described as the first of its pre-electoral "mini-crisis."

It was helped by a firm declaration from President Valery Giscard d'Estaing that all necessary technical measures would be taken to prevent its depreciation. Dealers, who expected tension surrounding the franc to last at least up to, and probably beyond, the general election in 33 days' time, said that profit-taking in a slack market also contributed to the better fortunes of the currency.

The fact that West Germany was on holiday to-day also made for slack trading.

True to form, the Bank of France pushed up rates on the money market for the third day

in a row this morning. Day-to-day money went to 104 per cent, making the total increase since

Friday 1.5 per cent.

The circular sent to banks by the authorities, reminding them of the rules governing repatriation of export earnings and forward purchase of foreign exchange to settle trade debts, also helped the situation slightly.

Medium-term repurchase agreements or pensions were still suspended to-day while day-to-day discounting was taking place at 101 per cent. The Bank of France is aiming basically to keep bank liquidity under a tight rein.

Apparently there was no 5.4 per cent. against the Swiss franc and 3.25 per cent. against sterling.

After yesterday's declaration by the Communist Party that it will press for immediate implementation of its national-

isation programme and the plans for enormous increases in wages and benefits, the political news

stage, the main purpose of intervention apparently being to iron out too sudden movements rather than to resist the overall market trend.

In to-day's trading, the franc firmed from 4.9350 to 4.9250 against the dollar; from 2.3480 to 2.3275 against the DM; from 2.52 to 2.5125 against the Swiss franc; and from 9.5625 to 9.5375 against sterling.

Prices on the free gold market also moved back to-day. After yesterday's rise to an all-time peak of Frs.29,840, apparently caused by demand from small investors, the one kilo-gold ingot dropped back to Frs.29,395, although the gold Napoleon coin eased up fractionally to Frs.300.

Gold-linked gilt-edged fell back while the stock exchange halted its three-day decline with a 2.7 per cent. recovery in values.

Editorial comment, Page 16

THE IRISH Cabinet met to-day to consider the impact on a national wage agreement that threatens the economic strategy outlined last week in the 1978 budget.

With employers and union

representatives deadlocked over Minister, Mr. George Colley, the Finance

representatives deadlocked over Minister, the 5 per cent. guideline is

Government's position has "flexible" but he is understood

to be concerned by warnings

from Government economists

To-day, although it is only a half-day holiday, a large proportion of workers have not

shown up at all. But the

newspaper, who expect service as

usual in the shops and offices

that are open for business

not long ago that any national

wage increase above 7.5 per cent could bring Ireland's economic boom to a halt by next year.

Telephone and Telex services

were severely disrupted to-day

as Irish Post Office technicians

stepped up their action in a long-running dispute over a re-

organisation and productivity

plan. The dispute has been

rumbling on since May and last night Prime Minister Jack Lynch was urged to intervene

Editorial comment, Page 16

THE IRISH Cabinet met to-day to consider the impact on a national wage agreement that threatens the economic strategy outlined last week in the 1978 budget.

With employers and union

representatives deadlocked over Minister, Mr. George Colley, the Finance

representatives deadlocked over Minister, the 5 per cent. guideline is

Government's position has "flexible" but he is understood

to be concerned by warnings

from Government economists

To-day, although it is only a half-day holiday, a large proportion of workers have not

shown up at all. But the

newspaper, who expect service as

usual in the shops and offices

that are open for business

not long ago that any national

wage increase above 7.5 per cent could bring Ireland's economic boom to a halt by next year.

Telephone and Telex services

were severely disrupted to-day

as Irish Post Office technicians

stepped up their action in a long-running dispute over a re-

organisation and productivity

plan. The dispute has been

rumbling on since May and last night Prime Minister Jack Lynch was urged to intervene

Editorial comment, Page 16

THE IRISH Cabinet met to-day to consider the impact on a national wage agreement that threatens the economic strategy outlined last week in the 1978 budget.

With employers and union

representatives deadlocked over Minister, Mr. George Colley, the Finance

representatives deadlocked over Minister, the 5 per cent. guideline is

Government's position has "flexible" but he is understood

to be concerned by warnings

from Government economists

To-day, although it is only a half-day holiday, a large proportion of workers have not

shown up at all. But the

newspaper, who expect service as

usual in the shops and offices

that are open for business

not long ago that any national

wage increase above 7.5 per cent could bring Ireland's economic boom to a halt by next year.

Telephone and Telex services

were severely disrupted to-day

as Irish Post Office technicians

stepped up their action in a long-running dispute over a re-

organisation and productivity

plan. The dispute has been

rumbling on since May and last night Prime Minister Jack Lynch was urged to intervene

Editorial comment, Page 16

THE IRISH Cabinet met to-day to consider the impact on a national wage agreement that threatens the economic strategy outlined last week in the 1978 budget.

With employers and union

representatives deadlocked over Minister, Mr. George Colley, the Finance

representatives deadlocked over Minister, the 5 per cent. guideline is

Government's position has "flexible" but he is understood

to be concerned by warnings

from Government economists

To-day, although it is only a half-day holiday, a large proportion of workers have not

shown up at all. But the

newspaper, who expect service as

usual in the shops and offices

that are open for business

not long ago that any national

wage increase above 7.5 per cent could bring Ireland's economic boom to a halt by next year.

Telephone and Telex services

were severely disrupted to-day

as Irish Post Office technicians

stepped up their action in a long-running dispute over a re-

organisation and productivity

plan. The dispute has been

rumbling on since May and last night Prime Minister Jack Lynch was urged to intervene

Editorial comment, Page 16

## Berlinguer ready to negotiate compromise

By PAUL BETTS

ROME, Feb. 7.

SIG. ENRICO Berlinguer, the Italian Communist Party leader, to-night indicated that his party was ready to negotiate a compromise to resolve the 27-day-old government crisis.

After a meeting with Sig. Giulio Andreotti, the Christian Democrat Prime Minister-designate, Sig. Berlinguer said his party was prepared to enter into an "emergency pact."

Although the Communists still believed that a government of national unity was necessary—meaning direct Communist participation in government—he acknowledged the opposition of the other political parties, especially the Christian Democrats.

Sig. Berlinguer added, however, that his party would insist on the establishment of a clear parliamentary majority, which would mean the association of the Communists in the majority. He also implied that the Communists would have to be consulted on the structure of the new government which would administer a common agreement programme.

Following Sig. Berlinguer's overture, there is limited optimism that Sig. Andreotti, who later to-night was meeting representatives of the Socialist and Social Democrat parties, might now be able to form a new government.

However, the solution to the crisis still appears distant. While Sig. Andreotti has been given a wider mandate by his party for this latest and crucial round of negotiations, the Christian Democrats are still insisting, at least officially, on negotiating a common government programme but not a political programme.

This implies a rejection of the association of the Communists in a parliamentary majority, which Sig. Berlinguer demand to-night as second best to a government of national unity.

The key question is whether Sig. Andreotti can strike a deal with the Communists by somehow associating them to the parliamentary majority but in such a way that it would be acceptable to his own party. Should he fail, the most likely outcome is a fresh election.

## Soviet navy no longer only defensive

By DAVID SATTER

MOSCOW, Feb. 7.

ADMIRAL SERGEI Gorshkov, the commander in chief of the Soviet navy, said to-day it has become a "long-range armed force." The greatest progress in the past 10 years has been made in developing submarines capable of performing complicated military and technical tasks in any ocean.

Writing in the Soviet armed forces newspaper, Red Star, he appeared to suggest that the Soviet navy, now considered the largest in the world, no longer sees itself as a strictly defensive force. "For the first time in the country's history, our navy has emerged in the expansion of the world's oceans," he writes.

Admiral Gorshkov said that submarines have been made more effective through the introduction of nuclear engineering, missiles and other types of arms. He also said that Soviet surface ships, equipped with the latest arms, radio-electronic facilities, and flying machines of various types, "can effectively combat enemy surface ships, submarines and aircraft."

A major component in the navy's strike force was the naval air arm, which "can hit submarines and surface ships and other highly manoeuvrable and small objectives on the high seas." He added that combat capabilities of the marines and shore missile-artillery forces have been increased.

That programme was sent by the Council of Ministers to the permanent representatives, who set up a committee of Government experts. These experts recommended that the general rules of the Rome Treaty should not apply to air transport and, in particular, that the rules of competition and rules on State subsidies should not apply.

Sig. Berlinguer argues that the Danish Government, and those who repudiate air transport policy, are giving SAS undue protection against competition from charter companies. As far as Denmark is concerned, its stake in SAS is held by Den Dansk Lufthavnselskab (DDL) — Danish air transport company, which has a 50 per cent. share

in SAS. The skybus complaint has kept the ball moving. The next move will be further consultations in Brussels in March between Sterling and the Commission.

Sig. Berlinguer says that SAS is subsidised in a number of ways. State guarantees from all three governments (totalling almost Kr.500m. in the five years to 1981) are available to facilitate

## OVERSEAS NEWS

## THE CONFLICT IN THE HORN OF AFRICA

## Cuban reinforcements for Ethiopia

BY OUR FOREIGN STAFF

WESTERN DIPLOMATS reported to-day that thousands of Cuban reinforcements were on their way to Ethiopia to bolster a massive counter-offensive against Somali-backed forces in the Ogaden region of Ethiopia.

At the same time, Ethiopian officials claimed military gains around the town of Harar and Somali forces admitted they had retreated from some positions in the Ambar mountain of Eastern Ethiopia after an Ethiopian air and artillery bombardment.

The Western diplomatic sources estimated that a further 3,000 to 6,000 Cuban military personnel were on their way and that the Russian transport carrying them would soon dock at Asmara on the Red Sea.

U.S. intelligence sources put



the number of Cuban personnel already in Ethiopia at 3,000 with a further 1,500 Russians. Washington also says that Cuban pilots have been flying Soviet-made aircraft which have been shelling the Ethiopians.

Informal sources in the

Somali capital of Mogadishu

repeated their claim that the

recent heavy shelling and bom-

bardment of Somali positions

was a prelude to a long-awaited Ethiopian offensive into Somalia itself.

But Ethiopian officials were

reluctant yesterday to call their

new thrust a "counter-attack".

"We have taken a concerted

action. We are now moving to

drive the Somalis out," said Mr.

Baalu Girma, the acting Informa-

tion Minister in Addis Ababa.

Analysts from Mogadishu pre-

dicts that the Soviet force

would take over the triangle

area of Djibouti, Berbera and Zeila, which contains almost

two million people. The Soviet

Union would then maintain that

this was an Ethiopian matter

and offer to mediate between

Mogadishu and Addis Ababa.

The sources said: "They will

use the occupation of the north

in the name of Ethiopia as a

means of imposing a federal

solution which that proposed last

year when Fidel Castro and Mr.

strategic entity," the sources Nikolai Podgorny visited the

area."

## NAMIBIA'S SEARCH FOR INDEPENDENCE

## The West races against time for a formula

BY QUENTIN REED IN WINDHOEK AND MARTIN DICKSON IN LONDON

THE PROSPECT of imminent independence has largely passed by the town of Windhoek, capital of the disputed territory of Namibia (South West Africa). The country's three European languages—Afrikaans, German and English—predominate in the shops, offices and hotels of the town, itself a curious mixture of German colonial and modern South African styles. The descendants of the indigenous peoples are still confined to the kitchens and cellars of the future, ruled by a black majority government seems light years away.

Yet Namibia is heading towards independence. The vital question yet to be answered is what form this will take. In an attempt to head off a unilateral solution imposed by Pretoria, the five Western members of the UN Security Council have been trying since last April to work out an "internationally acceptable settlement with South Africa and Swapo, the Namibian nationalist organisation.

These efforts will reach a climax this week-end when the Foreign Ministers of the five countries will hold a separate "proximity" talk in New York with Mr. P. W. Botha, their South African counterpart, and the leaders of Swapo. Having failed to break the deadlock between the two, the West is tabling its own compromise settlement proposals. Time is not on the side of the Western initiative. South Africa has hinted that it may go ahead unilaterally if there is no progress soon. With Pretoria and Swapo still far apart, there are growing fears the initiative may be close to collapse.

In Windhoek, there is a widespread belief among whites that a radical black movement like Swapo will not be taking over control of the territory, with its rich reserves of uranium and diamonds.

In the thickly carpeted lobby of the town's premier hotel, some 100 Swapo followers stage a rowdy demonstration for the benefit of Western diplomats involved in the five-power initiative. Waving placards demanding the total withdrawal of South Africa, singing liberation songs, they have their say—barely disturbing the visiting tourists from West Germany and South African businessmen drinking coffee in the lounge.

The few uncommitted observers in Windhoek are extremely sceptical about future of the Western initiative. So far, South Africa has made most of the concessions, a fact largely dictated by the nature of the exercise, for it is Pretoria, not Swapo, whose control of the territory is internationally unacceptable. South Africa has abandoned its plans for an interim Government based on a constitution drawn up by the South African sponsored Turnhalle conference—a constitution which reinforced Namibia's division into 11 ethnic groups.

South African negotiators declare that since they promised in 1975 to grant Namibia independence by December 31 this

year, elections for a constituent assembly must take place by mid-year. If the independence date is allowed to slip, they say, Pretoria's credibility may suffer.

So too would the credibility of the conservative alliance of tribal, ethnic and moderate white, which emerged from the Turnhalle talks. Mr. Vorster would undoubtedly like this group, calling itself the Democratic Turnhalle Alliance (DTA),

to win. The DTA itself argues

that to do so it must be able to

show that the original indepen-

dence date is immutable.

But there may be an element

of bluff about this. Asked what

is more important, a fixed inde-

pendence date or international

recognition, one senior South

African negotiator says the most

important thing is the creation of

a viable, stable state with the

support of the majority of the

people.

One school of thought argues

that South Africa has been

cynical about the Western

initiative from the start, going

along with it but assuming that

Swapo will never accept

Pretoria's minimum conditions.

But there may be an element

of bluff about this. Asked what

is more important, a fixed inde-

pendence date or international

recognition, one senior South

African negotiator says the most

important thing is the creation of

a viable, stable state with the

support of the majority of the

people.

Another hurdle could prove

to be the status of Walvis

Bay, annexed by Britain in

1884 to the then Cape Colony.

Swapo wants South Africa to

hand the enclave over to

Namibia but Pretoria has threat-

ened to break off talks with the

five powers if the status of

Walvis Bay is disputed. The

enclave is the only natural deep

water port between Angola and

South Africa, so while Pretoria

argues that it is essential for

defence purposes, Swapo says

that it is vital for Namibia's

economic independence. But

the nationalists may not press

this point in talks with the West.

If South Africa were to go

ahead alone with elections the

anti-Turnhalle forces in the ter-

ritory would face a dilemma.

Already the leaders of Namibia's

influential churches, who have

little sympathy for the Turnhalle

alliance, are mooting the forma-

tion of some sort of broad front

to oppose it, enjoying at least

Swapo support. Whether

such a front would receive the

backing of the more militant ex-

ternal Swapo leadership is doubt-

ful.

Some people believe Swapo is

playing into the South Africans'

hands; and while there is no

division within Swapo on the

ultimate aim of a complete

transfer of power, the move-

ment may not be entirely united

over its attitude to the negotia-

tions themselves. There are

those in Swapo who recognis-

es that South Africa may be win-

ning propaganda points, and

they are unhappy about it,

though this is not a view shared

by Mr. Nujoma.

Nevertheless, Swapo's deep

distrust of the South African's

negotiators declare that since they

promised in 1975 to grant Namibia

independence by December 31 this

year, elections for a constituent

assembly must take place by mid-

year. If the independence date is

allowed to slip, they say, Pretoria's

credibility may suffer.

So too would the credibility of

the conservative alliance of

tribal, ethnic and moderate

white, which emerged from the

Turnhalle talks. Mr. Vorster

would undoubtedly like this

group, calling itself the Democ-

atic Turnhalle Alliance (DTA),

to win. The DTA itself argues

that to do so it must be able to

show that the original indepen-

dence date is immutable.

But there may be an element

of bluff about this. Asked what

is more important, a fixed inde-

pendence date or international

recognition, one senior South

African negotiator says the most

important thing is the creation of

a viable, stable state with the

support of the majority of the

people.

Another hurdle could prove

to be the status of Walvis

Bay, annexed by Britain in

## AMERICAN NEWS

## Snow storms bring chaos to North-East

BY JOHN WYLES

THE WORST SNOW storms since 1947 have brought widespread chaos to the U.S. North-East, disrupting air and road communications and halting a broad range of commercial activities.

Drifting snow whipped up by gale-force winds has closed major motorways in the states of Connecticut and Massachusetts, while many others which have been kept open in New York and New Jersey are inaccessible because of stranded cars blocking service roads.

This latest inundation came only 16 days after the North-

Kennedy, La Guardia and Newark airports were closed this afternoon and did not expect to be reopened at least until to-morrow morning.

Snow was still falling in New York this morning more than 30 hours after the storm first struck. About 18 inches has so far collected in the New York area, while Boston, which suffered power failures earlier to-day, was expected to be deluged under 24 inches before the storm passes.

However, the city was

East had suffered a 12-inch fall which had revealed a lack of preparedness in many areas. New York City had little more than half of its snow ploughs available because of mechanical breakdowns, but during the last 24 hours the city's Sanitation Department has performed much more creditably and kept the main avenues passable, if only just, for buses and cars.

According to latest forecasts the snow was expected to have passed over the New York area by early afternoon. However, temperatures well below freezing are predicted at least until Saturday.

## Canadian economy may miss targets

By Victor Mackie

OTTAWA, Feb. 7.

THE CANADIAN Government's goals for the economy over the next four to five years may fall short because of poor performance in 1978, according to a confidential Government report.

The report was issued to-day to reporters by Mr. Ed Broadbent, leader of the opposition New Democratic Party.

It sets out proposed targets for real economic growth, inflation and unemployment for the years to 1982. The paper will be presented to provincial premiers at a three-day economic summit meeting in Ottawa next week. The paper has already been used behind closed doors at the current round of federal provincial meetings on the economy.

He said the document proved that the premiers' summit conference was called by the Prime Minister as an electoral springboard.

The 103-page paper sets out targets for the economy but then adds that it will be a challenge to achieve even the average projected growth rate of 5.5 per cent this year. The paper notes that most forecasts now see real growth in the economy in 1978 at between 4 and 5 per cent. In addition it expects a rise in the rate of unemployment. Seasonally adjusted unemployment fell by 0.2 per cent to 8.3 per cent in January, however.

General Motors record profit; Dutch buy Dillard Stores; American Cyanamid upturn and other American Company News ..... Page 22

A FINANCIAL TIMES SURVEY  
OVERSEAS  
CONSTRUCTION

March 14 1978

The Financial Times proposes to publish a survey on Overseas Construction. The main headings of the provisional editorial synopsis are set out below.

INTRODUCTION The search by builders and civil engineers for work in overseas markets continues unabated. There is evidence to suggest that while the biggest contractors continue to dominate the field, smaller companies without previous experience of working abroad have been making considerable headway.

## UK Constructors Abroad

## The International Contractors

## Provision of Finance

## Provision of Labour

## Insurance

## Joint Ventures and Consortia

## Building Materials

## Foreign Constructors in Britain

## Government Support

## Consultants

## The Middle East

## The Middle East Contract Conditions

## The United States Markets

## Markets in Nigeria

## Markets in Latin America

For further details on the editorial content and advertising rates please contact Ian McLaren or Robert Murell, Financial Times, Bracken House, 10, Cannon Street, London EC4P 4BY. Tel: 01-248 8000. Extns. 360 and 246 respectively.

FINANCIAL TIMES  
EUROPE'S BUSINESS NEWSPAPER

The content and publication dates of Surveys in the Financial Times are subject to change at the discretion of the Editor

## LOCATE

at America's crossroads

- Ideal sites for distribution and manufacturing
- Top labor productivity
- Favorable laws
- Prime opportunities for license, joint ventures
- Available industrial buildings

## Gas price initiative raises hopes for Energy Bill

BY JUREK MARTIN, U.S. EDITOR

WASHINGTON, Feb. 7.

THERE NOW seems to be a likely that the White House will strong chance of resolution of one accept a compromise version of the two big sticking points along the lines now being projected.

If agreed to, and if accepted by the House of Representatives members of the conference committee, this would mean that the conferees would be left with one main element of the energy package outstanding—the well-known tax on crude oil designed to bring the domestic price up to the levels in the rest of the world.

There is, however, little sign that this thorny problem can be easily resolved. Sen. Russell Long, a tax expert whose close ties to the oil industry have been well documented, is not known to conceal his doubts that any compromise can be reached.

The Administration proposed that the proceeds of the well-known tax should be returned to consumers, whereas Sen. Long wants at least a good proportion earmarked for the industry so as to encourage exploration and production.

With higher social security taxes taking their toll on consumers, the administration is aware of the difficulty Congress will have especially in an election year, of approving further increases in domestic energy prices or higher taxation.

Whatever emerges from the conference committee has to be submitted to both houses of Congress for approval. The House of Representatives passed its version of the energy bill by a relatively slim margin last summer, and the longer the process drags on and the more unsatisfactory the final product, the greater will be the chance of the House reversing itself, especially as the primary election season approaches.

## Pressure on China policy

BY DAVID BELL

WASHINGTON, Feb. 7.

PRESIDENT CARTER was meeting to-day two senior U.S. diplomats who have both publicly called on the Administration to re-open U.S. diplomatic relations with China.

He was due to review the Administration's China policy first with Mr. Mike Mansfield, the U.S. ambassador to Tokyo and formerly the Democratic majority leader in the Senate.

Mr. Mansfield has made no secret of his view that the U.S. should move to re-establish relations with China, even if that meant a break with the nationalist Chinese Government on Taiwan.

More recently, Mr. Leonard Woodcock, the leader of the U.S. mission in Peking, has said publicly that the U.S. must soon have met many Chinese officials who had not been previously introduced to Americans. He was appointed by Mr. Carter, whom he supported early in his presidential election campaign.

But the Administration has its own reasons for not wanting to raise the Peking issue now. It needs all the support that it can

## WORLD TRADE NEWS

## Australia in GATT agreement

By Kenneth Randall

CANBERRA, Feb. 7.

AUSTRALIA and the U.S. have agreed to work "closely together" in the GATT multilateral trade negotiations in Geneva. The two main areas singled out for co-operation are liberalisation of agriculture and the need for effective controls on the export of subsidised products to traditional markets.

These have become the main issues in Australia's year-long argument with the EEC over access to Europe and alleged European "dumping" of commodities in third countries to which Australia had previously

## European fibre makers' plan to cut output

BY DAVID BUCHAN

BRUSSELS, Feb. 7.

AN AGREEMENT between European's major synthetic fibre producers to cut excess capacity may be near, following a meeting between Viscount Etende, Davignon, EEC Industry Commissioner, and top companies including Courtaulds and ICI.

The Commission has been conducting discussions since last autumn with the 13 European producers that dominate the European synthetics market.

But it had been held up because the Italian Government refused to curb expansion plans.

The Australia-U.S. agreement on co-operation emerged from a meeting in Canberra to-day between Mr. Fraser and one of President Carter's deputy special trade representatives Ambassador Alan Wolff. In a formal joint communiqué afterwards, the two men said that in considering agricultural trade on a global basis they had discussed beef their position" at yesterday's meeting.

After a recent meeting between Viscount Davignon and Sig. Donat-Cattin, the Italian Ambassador to the U.S. agreed to a temporary cut in production capacity from \$20,000 tonnes last year to just over 500,000 tonnes by the end of this year, one source said.

They had established a number of areas of common view and agreed that unless there was liberalisation of trade in agricultural products, parallel with that for manufactured goods "there would be no balance in any negotiations in terms of the world trade."

The statement said: "In this regard, both sides stressed that the Geneva negotiations could not be concluded successfully without substantial progress being made in agricultural trade liberalisation, including added disciplines over the use of export subsidies and other trade-distortion measures."

## U.K.-Japan motor talks

By Charles Smith

TOKYO, Feb. 7.

REPRESENTATIVES of the Japanese and British motor industries began two days of talks in Tokyo to-day on the prospects for Japan's car exports to the U.K. this year.

Mr. David Plaistow, of Rolls-Royce, who is leading the British delegation, was expected to ask the Japanese motor manufacturers to reduce their share of British car registrations to within 10 per cent from last year's 10.6 per cent.

But the Japanese Automobile Manufacturers' Association appears likely to avoid a definite commitment.

It is expected to offer an undertaking similar to a year ago to the effect that "no significant increase" in market share is foreseen by Japanese exporters.

Japan's share of the U.K. market rose from 9.4 per cent in 1975 to 10.6 per cent last year.

The U.K. industry is likely to have pointed that out with some force, but Japan is likely to have stressed that European exports to the U.K. rose faster than Japanese exports.

## Nippon chief to visit Peking

BY MICHAEL DONNE

TOKYO, Feb. 7.

TOSHIO DOKO, president of the Japanese Federation of Economic Organisations, and Hiroshi Imai, chairman of Nippon Steel, are planning to visit Peking this month to sign an agreement involving more than \$200m. in trade with China over the next eight years.

Japanese companies will export industrial plant and equipment in exchange for crude oil, coal and other raw materials. Oil shipments could total 110m. barrels a year.

AP-DP

## \$14m. glass plant

Panama will build a \$14m. glass container plant, financed by U.S., Panamanian and West German investors, Reuter reports from Washington.

It will be the largest glass

factory in the Americas, with an annual capacity of 27,800 tonnes and those to 27,000 tonnes in 1979.

Japan's total colour television production in 1977 fell 8.5 per cent, though it was still the fourth most important foreign supplier to Switzerland while South Korea and Taiwan are among the top

value to \$17.8m. At the same time, imports were up by 30 per cent in volume and 42 per cent in value.

Imports of cotton yarn from Asian countries were up by 18.8 per cent in 1977, even if no new plants were opened, the Commission first asked EEC Governments last summer not to aid expansion for two years.

It then asked the companies to freeze capacity at last September's co-ordinated at the Euro-

## \$20m. Arabsat contract soon

By Rami G. Khouri

ONE OF three short-listed groups will be chosen in the second half of this month as consultants for the Arabsat regional satellite telecommunications project, in a contract expected to be worth some \$20m.

The three in the running are the AEA Group, which includes Arab, European and American companies; Telsat of Canada together with Cable and Wireless; and Comsat General of the United States.

A total of 16 Arab states are jointly undertaking the project, called the Arab Satellite Communications Organisation, with its headquarters in Riyadh, Saudi Arabia, at an estimated total cost of \$160m.

The project involves launching a satellite into a fixed orbit 36,000 kilometres above the earth by 1980. The satellite will relay telephone, telex and television communications among the Arab states, with a capacity of 6,000 telephone or 144,000 telex calls.

Ground control for the project will be in Riyadh, where a meeting will take place after February 15 to choose the consultants for the project, according to Arabsat vice-chairman Mohammad Ismail.

• Plessey of Great Britain has won a \$1m. contract to supply and install three mobile automatic telephone exchanges in three Jordanian towns. The exchanges have a capacity of 1,000 lines each. Plessey is also engaged in negotiations for more similar contracts here.

## U.S. SCOTCH MARKET

## Sales down but outlook better

BY A SPECIAL CORRESPONDENT

FOR THE third successive year Scotch shipments to the U.S. have shown a decline, according to details per market and per category of Scotch shipments for 1977, released by Customs and Excise.

These show that exports to the U.S. last year fell 3.5 per cent in volume compared with the previous year to 31.4m. proof gallons, though value edged up just over 1 per cent to £148.7m.

Scotch whisky sales also fell for the third successive year in the U.S. The fall, as measured by tax payments, was 3 per cent to 47.8m. U.S. tax (that is liquid) gallons. It was also more than 12 per cent below the 1971 peak for Scotch consumption in the States of 54.3m. gallons.

Sales of Scotch bottled in Scotland apparently held up better last year, showing a 2 per cent decline to 31.1m. gallons.

Scotch shipped out in bulk for reduction and bottling in the U.S. saw a 5 per cent drop to 16.5m. gallons.

The peak year for Scotch shipments to the U.S. was 1974, when volume rose 17 per cent, to 37.4m. proof gallons and value advanced 20 per cent, to £131.8m.

In the following year volume decreased 7.8 per cent to 34.5m. gallons and value declined 4.3 per cent to £126.1m.

The only ameliorating feature of 1976 was that while volume

decreased 5.7 per cent to 32.5m. £1.3m. Bulk malt shipments fell 1.5 per cent, to 12,612 tonnes, and those to 12,561 tonnes for the year as a whole—major markets remained

Austria, West Germany and the U.K.—although there was a 6 per cent increase in export value to \$17.8m. At the same time, imports were up by 30 per cent in volume and 42 per cent in value.

Of course, the first and easiest explanation is to hand, that in times of recession and less disposable income people are turning down and buying the Scotch imported in bulk, reduced and bottled in the U.S. But the market was harder and spending more limited for the average consumer.

First, bottled blends fell 5.5 per cent in volume to 18,829,000 proof gallons and—largely because of the stronger pound and weaker dollar—their value also fell by 0.28 per cent to £121,819,000.

Second, bulk blends declined only 0.35 per cent in volume to 12.4m. proof gallons—almost on level with the previous year, while their value, thanks to the stronger pound in which they are invoiced, rose 6 per cent to £12,561,000.

Of course, the average value per proof gallon is hit by this resumption swing to the bulk export/import. The average value per proof gallon of the bottled product is £6.5 and of the bulk product only £2.0.

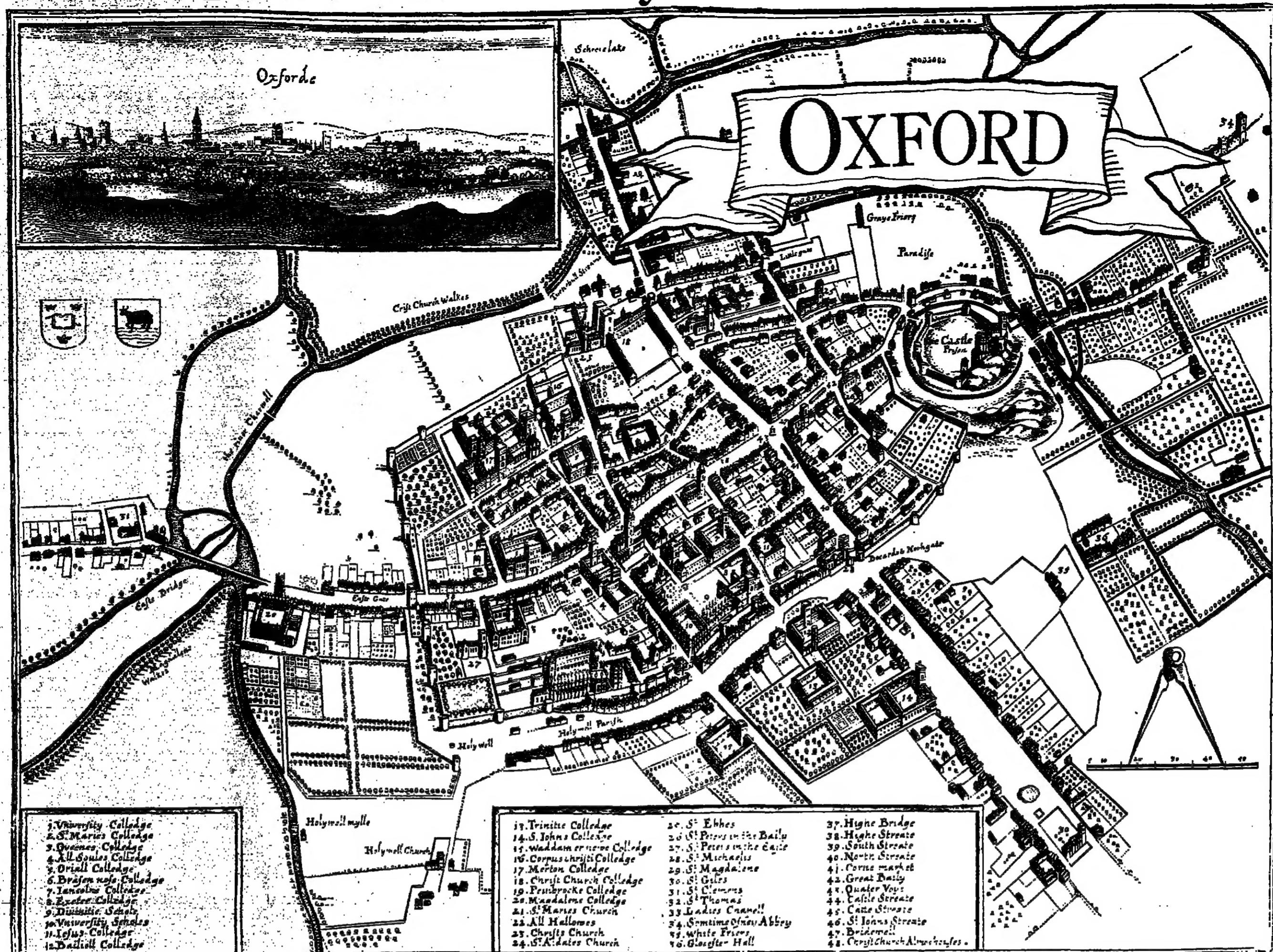
Beside these major exports, bottled malts last year made an impressive 48.6 per cent gain in value, rising and promoted, to 7.5 per cent improvement, to explain the gradually diminishing bulk import.

But it is generally agreed that the peak year for Scotch whisky is 1974, when it was at its greatest, with sales of 54.3m. gallons and value at £131.8m.

More serious for the moment is the current craze for drinking wine instead of spirits before and during meals. Where spirits consumption overall is fairly static, sales of both imported and domestic wines have been gaining ground fast.

# How Philips lead in the efficiency business.

No.1



# The Phillips Schools of Business Management.

Oxford colleges might seem unlikely customers for a commercial computer. Not because you expect dons to prefer mediaeval methods, but for two reasonable reasons.

The first is that college accounts always ran like clockwork. You could do a tide table of cash flow, for example. Money in - from rents, endowments, the Department of Education and Science ... money out - in pay, maintenance, catering.

The second is that colleges, as businesses, were so untypical that no "off-the-peg" software would fit them.

Yet seven Oxford colleges have installed computer systems from Philips in the last two years. Why?

In the first place, inflation has played havoc with the old predictability. And new enterprises, like operating conferences throughout the vacations, have helped to complicate college accounts.

Second, Philips Data Systems have developed a special University Program Suite made to the colleges' measure.

Whereby hangs the moral. Philips are as large as they are in data systems because they fit their systems precisely to each market segment.

As a proportion of all the systems that Philips sell, over 75 per cent use specially-developed programs, "off-the-peg", from our library of application software - in other words, the programs we have in stock are suitable for the requirements of three-quarters of all our users.

And that is not because we go for some tiny part of the market that happens to suit us. On the contrary, in visible record systems, such as the Oxford colleges have bought, Philips have a fifth of the British market. And in intelligent bank terminal systems we are the biggest in the world.

**The Philips philosophy: satisfaction AND your money back.**

Philips Data Systems, like all the professional divisions of Philips, see function as the test of all things. And function, in turn, is tested by two questions, one for the accountants, and one for everybody. Does it pay? Does it satisfy in human terms? A case in point is our PTS 6000 Bank Terminal System.

• Certainly it pays: 20,000 terminals at bank tellers' elbows all round the world testify to that. Just as gratifying, though, is the dividend to humanity.

It annihilates the paper-churning and boredom on one side of the counter, dissolves the queues and impatience on the other. It means banking with a smile, even in what used to be the Friday crush. When anything functions as satisfactorily as that, you may be sure of one thing. It takes research to get right. Research is an OK word, of course. Everyone pays lip-service to it. In the Philips group, we pay rather more than that. Last year's bill, all round the world, was £400m.

## Now let's talk business efficiency

- If you would like more information about business products and systems from the Philips Group, please ask your secretary to tick the appropriate box:

|   |  |
|---|--|
| <p><b>Philips Data Systems</b></p> <ul style="list-style-type: none"> <li>■ Electronic Accounting System <input type="checkbox"/></li> <li>■ Office Computer System <input type="checkbox"/></li> <li>■ Financial Terminal System <input type="checkbox"/></li> </ul> <p><b>Philips Business Systems</b></p> <ul style="list-style-type: none"> <li>■ Office Dictation System <input type="checkbox"/></li> <li>■ Word Processing <input type="checkbox"/></li> </ul> | <p><b>Pye Business Communications</b></p> <ul style="list-style-type: none"> <li>■ PABX <input type="checkbox"/></li> <li>■ Office Intercommunication <input type="checkbox"/></li> <li>■ Public Address Systems <input type="checkbox"/></li> <li>■ Closed-circuit TV <input type="checkbox"/></li> </ul> <p><b>Pye Telecommunications</b></p> <ul style="list-style-type: none"> <li>■ <input type="checkbox"/></li> </ul> |
|---|--|

To: David Hughes, Business Efficiency, Philips Industries, Arundel Great Court, 8 Arundel Street, London WC2R 3DT. Please send me your literature on the items ticked above.

■ NAME \_\_\_\_\_

■ (Position in company) \_\_\_\_\_

■ ADDRESS \_\_\_\_\_



**Simply years ahead**

# PHILIPS

## HOME NEWS

## World oil surplus forces down North Sea prices

BY RAY DAFTER, ENERGY CORRESPONDENT

NORTH SEA oil producers have come on stream, is said to have been forced to cut contract prices for as much as 10 cents to 15 cents a barrel because of a continuing glut of world crude oil supplies.

The premium for light, low sulphur crude is said to be diminishing as a result of the surplus. Oil from the Norwegian Ekofisk Field is reported to be selling for about \$13.75 to \$13.80 a barrel, with its previous 5 cents a barrel, with its previous 5 cents to 10 cents premium over U.K. Forties Field crude now virtually eroded.

The lowering of North Sea oil prices is in line with the worldwide trend, although companies operating in the U.K. and Norway have more pricing flexibility than those in areas covered by the Organisation of Petroleum Exporting Countries. Petroleum Intelligence Weekly says in its latest report that profit margins on North Sea oil are still about 82 to 83 a barrel.

In spite of the trading difficulties, several reports suggest that British National Oil Corporation has obtained favourable prices for its first contract sales. A consignment of oil from the Thistle Field, which is about to piles.



The new pound note, to be issued tomorrow, is smaller than the present note.

The main design on the front includes the same portrait of the Queen as the £5 note.

On the back is a portrait of Sir Isaac Newton, which has been created for the note from a number of contemporary portraits.

The note has been designed by Mr. H. N. Eccleston, the Bank's artist-designer.

Reproduced with the authority of the Bank of England.

## Brokers question bearish gilts view

BY PETER RIDDELL, ECONOMICS CORRESPONDENT

THE BEARISH view of financial prospects held by many in the gilt-edged market has been questioned by Kemp Gee, brokers.

In its latest monthly review entitled 'Are the Worries Overdone?' the brokers recognise the 'dangers which the gilts market has to meet, particularly in the short run' and the uncertainty over fiscal and wage policy.

'Our feeling is that the responsibility which has characterised fiscal policy in recent months will remain and that there is a very good chance that the outturn on the wage front, while not being absolutely satisfactory, will be satisfactory enough.'

On this basis, Kemp Gee re-

gards 'the recent fall in the market as approaching a buying opportunity though we are conscious that the reassurance which the market will need before staging a significant recovery could still be some little time away.'

The brokers suggest a net budget stimulus of 'something around, though preferably less than, £2bn, is a reasonable number' on present evidence.

'It remains crucial that at a time when demand will be rising quite well anyway the authorities refrain from excessive stimulation because that would only return us to the unbalanced economy from which we have suffered during previous "go" phases of the cycle.'

## Torn documents 'disclosed plot to deceive Treasury'

FINANCIAL TIMES REPORTER

THE NAME of the late Sir Eric Miller, the former chairman of Peacher Property Corporation, was mentioned in the multi-million pound international currency fraud trial at the Guildhall Court in the City of London yesterday.

City stockbroker Mr. Lewis Altman said that he was told by Sir Eric on September 18, 1976, that Mr. Judith Binstock had been stopped by Customs officers at Heathrow Airport the previous day.

The prosecution alleges that Mr. Binstock, a former London solicitor and businessman, tore up some documents at the airport. These were seized by Customs officials and found to be drafts of documents to be forged to deceive the Treasury.

The documents were said to have exposed a revolving fund exchange control fraud, which netted a £2m. profit from transactions involving foreign currency passed off as investment currency.

Mr. Altman, aged 58, and his partner, Mr. Robert Carnes, aged 31, have both denied conspiring with Mr. Binstock and others to contravene exchange

control regulations in 1974-75. Mr. Altman denied yesterday that there was any attempt to conceal deliberately the role played by Mr. Binstock in the dollar premium transactions. He said that he gave his legal advisers full details of meetings he had with Mr. Binstock in Zurich and London.

Cross-examined by Mr. Michael Worsley, prosecuting, Mr. Altman said that he and Mr. Binstock were social as well as business friends.

He met the London solicitor at various Board meetings of Isle of Man Associated in the Palace Hotel, Douglas, but denied that he went to parties with girls which Mr. Binstock gave on the island.

He never once visited the Douglas, Isle of Man, office of EIC Eurosecurities, from which letters came about the dollar premium deals which he was transacting.

After Mr. Altman had said he thought the business of EIC Eurosecurities was basically controlled from London, Mr. Worsley asked: 'Control was indeed in London—the Isle of Man office was at that time to your knowledge no more than a blind?' Mr. Altman: 'Not at that time.'

The case resumes today.

The City is the commercial heart of London. And if you want to be at the heart of things, stay at the Tower Hotel.

The Tower is a modern, luxurious, friendly haven close to Tower Bridge. It's just a few minutes from Threadneedle Street and the Stock Exchange. And opposite the World Trade Centre.

And the shops and theatres of London's West End are within easy reach. At the Tower you can arrange for a secretary, send a telex, study the news wire or run a conference.

You can eat in any of three restaurants, with the choice ranging from a quick lunch to a dinner in the grand manner. Afterwards, relax in the bar, enjoying the panoramic views of the river.

The views from the air-conditioned bedrooms are equally tranquil, either river or yacht haven. Inside, you have your own colour television, private bath and direct dial phone. If that's not enough luxury for you, try our Penthouse Suites.

It's not surprising that businessmen feel at home in the Tower. After all, we know what it is to be big in the City.

For reservations or brochure ask your secretary to contact our Advance Booking Office. The Tower Hotel, St. Katharine's Way, London E1 9LD. Tel: 01-481 2575. Cables: Towerhotel London E1. Telex: 885934

## Varley holds back on steel decision

BY RUPERT CORNWELL

MR. ERIC VARLEY, the Industry Secretary, is unlikely to make his keenly awaited statement on the future of the troubled steel industry until the end of March, in spite of continuing pressure at Westminster for an earlier announcement.

These prices, hitherto a closely-guarded secret, will be studied closely by oil traders for the keen interest in the British Gas, is believed to have been bought by Shell for \$13.75 a barrel.

Meanwhile, the Commons Select Committee looking at the British Steel Corporation has completed its extra hearing of Mr. Varley and Sir Charles Villiers, BSC's chairman, and is aiming to publish supplementary findings to last month's highly critical report, within two or three weeks.

The decision facing Ministers, which is certain to involve plant closures and redundancies, is one of the politically most sensitive since Labour took office. The Cabinet Committee involved made some progress at a meeting yesterday but apparently

requires some while yet to make up its mind.

Significantly, the committee discussion with Mr. Callaghan in the chair, was attended not only by key Ministers involved but also by Mr. Michael Cocks, the Chief Whip—a sure sign of the Government's anxiety over the reaction of Labour MPs with constituency steel interests.

The excuse officially advanced by Whitehall for the delay is that Ministers need first of all to see the outcome of the pay talks between the British Steel Corporation, which is expecting losses of £520m. in 1977-78, and the unions.

But British Steel officials point out that the Corporation's own proposals for the reorganisation have been with Ministers for two months and the Government has also had

ample chance to study a separate assessment made by Mr. Gerald Kaufman, the Industry Minister.

In any case, it is argued, whatever pay increase is agreed is unlikely to have a great bearing on British Steel's basic problems.

Views among Ministers range from a desire to take early and severe action on the grounds that delay can only worsen the industry's plight to fears that cuts may damage Labour's election prospects.

At the same time, there is hope in some quarters that a strongly expansionary Budget could help to ease the Corporation's difficulties.

Meanwhile, it is understood that there is a possibility of further legislation in this session of Parliament to release further public funds to British Steel.

## Meeting on U.S. charter fares

BY MICHAEL DODGE, AEROSPACE CORRESPONDENT

GOVERNMENT officials from Britain and the U.S. are expected to begin talks in London on Friday on North Atlantic air fares, in the hope of securing an agreement which will put an end to the confusion on routes from the U.K.

These officials have been meeting in London for some days, in a bid to reach agreement on charter flights between the two countries—but with little success.

They have decided to turn their attention to the scheduled airline sector to try to find an acceptable policy on fares which all U.K. and U.S. scheduled airlines can apply.

If they are successful it is likely that other countries in western Europe would support such a pact, using it as a basis for fares to and from the U.S.

In this way, a new north Atlantic fares agreement would emerge to fill the gap from April 1 caused by the failure of airlines to agree at a meeting in Geneva in January, called by the International Air Transport Association.

The meeting failed because of differences on levels of fares wanted. Some airlines wanted dearer rates to compensate for rising costs.

Others wanted cheaper fares to meet competition from Laker's Skytrain.

Many airlines in the association have been critical of the U.K. and U.S. Government's attitude towards Atlantic fares, charging them with causing many difficulties.

Airlines say that persistent refusal by the U.S. Government

through the Civil Aeronautics Board, to approve fares agreements reached by the association has caused administrative and financial difficulties. The U.K. Government's decision, through the Civil Aviation Authority, to approve the cheap Skytrain has helped to stimulate the battle for cut-price rates.

## Search for way to convert coal to petrol

BY RAY DAFTER, ENERGY CORRESPONDENT

JOINT STUDIES into the possibility of converting coal into liquid fuels are to be made by the British Petroleum and the National Coal Board.

They are particularly interested in the possibility of obtaining high grade oil products, such as chemical feedstocks and petrol, from coal.

In the meantime the work to be undertaken will last much longer than oil; it is estimated, for example, that supplies of U.K. coal will last for more than 300 years whereas North Sea production may be falling in the 1990s.

The ultimate object is to establish that coal can be used as a commercial source for liquid fuel and chemical feedstocks as oil supplies become less plentiful towards the end of the century.

The Coal Board at its Coal Research Establishment, has developed two processes for extracting solvents from coal.

One involves dissolving coal in liquid solvents; the other is a novel method of extraction using gases under pressure.

In both processes an extract is obtained which can be turned into oil products by means of hydrocracking.

About 40 Coal Board staff are involved in the research. BP has a similar research unit at Sunbury-on-Thames.

In preparation for the time when oil supplies become scarcer, BP with other energy groups is developing the worldwide coal mining festival in interest.

## Royal Commission for energy urged

BY RAY DAFTER, ENERGY CORRESPONDENT

THE GOVERNMENT'S new casts of energy demands were scrapped and replaced by a much-on-an acceptance of trends Royal Commission, the Town and Country Planning Association said yesterday.

The association, an objector at the recent Windscale inquiry, said that the commission should be given the task of producing within two years a national energy strategy.

The Energy Commission, which meets for the second time on Monday, was 'far too narrowly constituted for the purpose of producing a balanced view of possible and desirable future energy strategies.'

Established by Mr. Anthony Wedgwood Benn, Energy Secretary, to advise on energy policies, the Energy Commission comprises 22 representatives of producers, unions and consumer and scientific interests.

The association's statement claimed that the opportunity for public debate and examination of possible energy strategies was almost non-existent. The Energy Commission published papers in a 'desultory' fashion with minimal publicity or encouragement for comment.

The Government's official for should be announced this year.

## Coal merchants 'ready to withstand strike'

BY JOHN LLOYD

COAL MERCHANTS are well placed to withstand any but the most prolonged industrial action by miners. Mr. Cyril Charlton, president of the Coal Merchants' Federation, said yesterday.

Merchants have been buying heavily from the National Coal Board in recent months, partly because they fear a miners' strike in support of a pay claim.

Coal stocks are now well up on the alarmingly low levels towards the end of last year.

The first results of increased production from the incentive scheme agreed between the Coal Board and the miners are beginning to show.

'We are hopeful that the production bonuses will result in an improvement in the quality of coal,' Mr. Charlton said.

The coal trade will go metric on April 1 when the standard 100weight bag will be replaced with a 50 kilogramme bag, which will contain 1.58 per cent less coal.

The federation is already agreed with the Domestic Coal Consumers' Council that its members will lower their prices proportionately.

Mr. Charlton, commenting on the increase in deliveries of anthracite and smokeless fuels, said that much of the increase was due to the growth in sales of area status was the only solution to London's problems if industry, commerce and jobs were to

be forthcoming advertising remain in the inner city.

## Chamber seeks Inner London policy review

THE Government has been urged to reconsider two areas of its policy for regenerating inner London to prevent the continual decline in employment in the inner city.

The chamber is lobbying hard to have legislation brought in which would make it illegal to build houses without chimneys.

**It's good business sense to be at the heart of things.**

The City is the commercial heart of London. And if you want to be at the heart of things, stay at the Tower Hotel.

The Tower is a modern, luxurious, friendly haven close to Tower Bridge. It's just a few minutes from Threadneedle Street and the Stock Exchange. And opposite the World Trade Centre.

And the shops and theatres of London's West End are within easy reach.

At the Tower you can arrange for a secretary, send a telex, study the news wire or run a conference.

You can eat in any of three restaurants, with the choice ranging from a quick lunch to a dinner in the grand manner.

Afterwards, relax in the bar, enjoying the panoramic views of the river.

The views from the air-conditioned bedrooms are equally tranquil, either river or yacht haven.

Inside, you have your own colour television, private bath and direct dial phone. If that's not enough luxury for you, try our Penthouse Suites.

It's not surprising that businessmen feel at home in the Tower.

After all, we know what it is to be big in the City.



**THE  
TOWER  
HOTEL**

THE HEART OF LONDON



## PARLIAMENT AND POLITICS

# Hattersley rejects fierce Tory attack on pay 'blacklist'

BY JOHN HUNT, PARLIAMENTARY CORRESPONDENT

ALLEGATIONS THAT the Government is unlawfully or capriciously using its discretionary powers against companies who break the 10 per cent pay guidelines were "wholly preposterous," Mr. Roy Hattersley, Prices Secretary, told the Commons yesterday.

Replies to a full-scale Opposition attack on the Government's "blacklist" of companies, Mr. Hattersley announced that an explicit clause would be inserted in all new Government contracts requiring the contracting company to observe the pay guidelines. A similar clause would be inserted in requests from companies for Government assistance.

Mr. Hattersley also announced that he is to open discussions with the Confederation of British Industry and with Chambers of Commerce on the possibility of publishing the names of companies who are placed on the Government's "blacklist."

He accused Mr. John Nott, Conservative trade spokesman of adopting "Reichstag-like" tactics against the Government in the opening speech of the debate.

From the Tory front bench, Mr. Nott accused the Government of operating by "blackmail, threat, intimidation and Ministerial edict." The Government, he said, was using its discretionary powers to uphold the

"hiding, implying and threatening" behaviour of the Government.

He thought the Government's behaviour was characteristic, not of Westminster but of the Kremlin.

"In the centre of this exercise is one man—the Chancellor of the Exchequer—who thinks like a Marxist and behaves like a bully," he told the House.

Thousands of small business men and hundreds of large companies were being frightened and intimidated by the "Committee of Public Safety" sitting on the Government's front bench.

By the use of their discretionary powers, the Government was protecting its political friends, attacking its enemies, favouring Labour-held constituencies and abusing Conservative ones. The policy was being used to uphold the right of unions to picket and to force

unions above the guidelines

and then the Government and CBI intervened to say that "What is absolutely and totally clear is that in the whole area of inflation and wages policy, the Opposition is totally divided," the Secretary of State claimed.

In reply, Mr. Hattersley declared: "I want to make it clear that the Government believes that what we have done has been wholly lawful."

In a plowing account of what was being achieved by Government policies, the Prices Secretary said that the annual rate of inflation was now running at a figure slightly better than 8.4 per cent, given by the Chancellor at the last election. The retail price index for February time, would show inflation down to single figures.

"Inflation is falling and will fall faster," Mr. Hattersley declared. But his announcement of the new clause on wage guidelines drew an immediate hostile response from his own side of the House.

Mr. Doug Hoyle (Lab., Nelson

and Colne) intervened to say that "many of us believe in free collective bargaining which the TUC is committed to. Many unions will have to reconsider their policy in the light of the phrase

"What is absolutely and totally clear is that in the whole area of inflation and wages policy, the Opposition is totally divided," the Secretary of State claimed.

The Government would do all it could within the law to achieve its wages policy. The essential criterion was the phrase

"within the law." The placing of contracts was simple and unambiguous in the Government's "blacklist" faded badly.

Mr. John Nott, who opened the debate for the Tories, was more than somewhat disarmed to find Mr. Hattersley readily admitting that the Government had used its discretionary powers to uphold the non-statutory pay limit of ten per cent.

"At present," Mr. Nott protested, to sharp cheers from the Labour benches, "we are against individual limits."

The Government would have preferred more flexibility as well, Mr. Hattersley rejoiced. But, unfortunately, the Conservatives had not indicated which wage claims they thought should be lower than 10 per cent—only those that they believed should be higher.

Mr. Nott switched rapidly from that

# Bold counter-stroke . . . with no apology

BY PHILIP RAWSTORNE

THE GOVERNMENT, accused in the Commons yesterday of furiously blackmailing industry, unapologetically responded by putting its demands in writing. Mr. Roy Hattersley, Prices Secretary, said that from now on, all Government contracts would include a clause requiring companies to observe its pay guidelines.

Offers of Government assistance would also contain the same explicit conditions, he declared.

Faced with this bold counter-stroke, the Tory attack on the secret, fine print of the Government's "blacklist" faded badly.

Mr. John Nott, who opened the debate for the Tories, was more than somewhat disarmed to find Mr. Hattersley readily admitting that the Government had used its discretionary powers to uphold the non-statutory pay limit of ten per cent.

"At present," Mr. Nott protested, to sharp cheers from the Labour benches, "we are against individual limits."

The Government would have preferred more flexibility as well, Mr. Hattersley rejoiced. But, unfortunately, the Conservatives had not indicated which wage claims they thought should be lower than 10 per cent—only those that they believed should be higher.

Mr. Nott switched rapidly from that

corner into indignant protests about the way in which the Government had frightened thousands of businessmen by its intimidating tactics. Like a Committee of Public Safety, Ministers invoked the national interest—the most "pernicious" aspect of a policy in which the end justified the means.

The last thing the Government wanted was to give that impression, Mr. Hattersley replied, with emphatic sincerity.

Not that the end was unimportant, he remarked. The inflation rate this month was down to single figures for the first time for four years because of the Government's determination to pursue its counter-inflation policy.

That would please a lot of people, if not the Tories, Mr. Hattersley added. As for the secrecy surrounding the "blacklist," he suggested that this was intended to protect the companies concerned, rather than to conceal the action taken against them.

Sun Alliance shares had fallen steeply as soon as its dispute with the Government had been publicised, he said. But if the CBI and Chambers of Commerce would prefer the names of blacklisted companies to be published, the Government would gladly comply.

## All-party approach best on race, says Callaghan

BY IVOR OWEN, PARLIAMENTARY STAFF

AN ALL-PARTY approach to immigration and race relations should be adopted, even if the Conservative spokesman had given "the clearest possible assurances" in the past.

The Prime Minister, even if he succeeded in keeping the Opposition leader in his sights, will not try to divert attention from the discussion you have started by raising false bares."

Mr. Callaghan said that the anniversary of his execution.

He stated: "If Sir Thomas had been alive to-day, on such subjects as Northern Ireland, Scotland, devolution, immigration and the control of inflation, he would not have turned tail and run away like Mrs. Thatcher."

Earlier, Mrs. Thatcher asked if the Prime Minister totally repudiated the conclusion of the 1976 Labour Party conference that the 1988 and 1971 Immigration Acts should be repealed.

Mr. Callaghan said the Government had never accepted the view

expressed by the Labour Party conference. He added: "I hope you will not try to divert attention from the discussion you have started by raising false bares."

in an outburst against Mrs. Thatcher, Mr. William Hamilton (Lab., Central Fife) said her descent into the "political gutter" reflected a lack of principle dictated by squallid party political reason.

While declining to indulge in such terms, Mr. Callaghan commented that the Tory front bench appeared to have confused opposition and opportunism. "We are seeing more of the second than the first," he declared.

## Anti-terror Bill backed by Peers

A BILL aimed at cutting terrorists' chances of avoiding prosecution by claiming their crimes were "political" was approved in the Lords yesterday.

Peers gave an unopposed second reading to the Suppression of Terrorism Bill which allows the UK to ratify the European Convention on the Suppression of Terrorism.

Lord Harris, Minister of State Home Office, said that the UK must ensure that the fight against international terrorism was intensified. To demonstrate our commitment to this struggle Britain had to ratify the convention.

Lord Harris declared: "This is the most important instrument to be negotiated in recent years to deal with the problem of international terrorism."

The aim of the convention was to remove the barriers to extradition which was the most certain way of bringing terrorists to justice. It reduced the possibility of terrorism avoiding prosecution by claiming their crimes were political.

Lord Harris said that the Bill in no way affected the powers of the Government to refuse extradition if it believed it would result in discriminatory treatment of race, religion, nationality or political opinion.

For the Conservatives, Baroness Ede, supported the Bill, but thought the courts should have difficulty determining those fugitives who might suffer on account of their political opinion if sent back to their own countries.

There was a delicate balance between protecting lives and protecting rights.

Lord Winterton (Lab.) said it was a major step for 18 countries to sign the convention.

For the Labour Party, Mr. Frank Allam (Lab., Salford E.) said the sale of council houses would seriously worsen the housing situation. "If the total stock of council houses is reduced, the pool available for reletting is also reduced, and the pathogenic queue of homelessness would be lengthened," he said.

The present front runner is Mr. Donald Dewar, who was MP for Aberdeen South between 1966 and 1970. He has been nominated by the largest ward in the constituency, and the election conference will be held at the beginning of next month.

The present front runner is Mr. Donald Dewar, who was MP for Aberdeen South between 1966 and 1970. He has been nominated by the largest ward in the constituency, and the election conference will be held at the beginning of next month.

The aim of the convention was to remove the barriers to extradition which was the most certain way of bringing terrorists to justice. It reduced the possibility of terrorism avoiding prosecution by claiming their crimes were political.

Lord Harris said that the Bill in no way affected the powers of the Government to refuse extradition if it believed it would result in discriminatory treatment of race, religion, nationality or political opinion.

For the Conservatives, Baroness Ede, supported the Bill, but thought the courts should have difficulty determining those fugitives who might suffer on account of their political opinion if sent back to their own countries.

There was a delicate balance between protecting lives and protecting rights.

Lord Winterton (Lab.) said it was a major step for 18 countries to sign the convention.

For the Labour Party, Mr. Frank Allam (Lab., Salford E.) said the sale of council houses would seriously worsen the housing situation. "If the total stock of council houses is reduced, the pool available for reletting is also reduced, and the pathogenic queue of homelessness would be lengthened," he said.

The present front runner is Mr. Donald Dewar, who was MP for Aberdeen South between 1966 and 1970. He has been nominated by the largest ward in the constituency, and the election conference will be held at the beginning of next month.

The aim of the convention was to remove the barriers to extradition which was the most certain way of bringing terrorists to justice. It reduced the possibility of terrorism avoiding prosecution by claiming their crimes were political.

Lord Harris said that the Bill in no way affected the powers of the Government to refuse extradition if it believed it would result in discriminatory treatment of race, religion, nationality or political opinion.

For the Labour Party, Mr. Frank Allam (Lab., Salford E.) said the sale of council houses would seriously worsen the housing situation. "If the total stock of council houses is reduced, the pool available for reletting is also reduced, and the pathogenic queue of homelessness would be lengthened," he said.

The present front runner is Mr. Donald Dewar, who was MP for Aberdeen South between 1966 and 1970. He has been nominated by the largest ward in the constituency, and the election conference will be held at the beginning of next month.

The aim of the convention was to remove the barriers to extradition which was the most certain way of bringing terrorists to justice. It reduced the possibility of terrorism avoiding prosecution by claiming their crimes were political.

Lord Harris said that the Bill in no way affected the powers of the Government to refuse extradition if it believed it would result in discriminatory treatment of race, religion, nationality or political opinion.

For the Labour Party, Mr. Frank Allam (Lab., Salford E.) said the sale of council houses would seriously worsen the housing situation. "If the total stock of council houses is reduced, the pool available for reletting is also reduced, and the pathogenic queue of homelessness would be lengthened," he said.

The present front runner is Mr. Donald Dewar, who was MP for Aberdeen South between 1966 and 1970. He has been nominated by the largest ward in the constituency, and the election conference will be held at the beginning of next month.

The aim of the convention was to remove the barriers to extradition which was the most certain way of bringing terrorists to justice. It reduced the possibility of terrorism avoiding prosecution by claiming their crimes were political.

Lord Harris said that the Bill in no way affected the powers of the Government to refuse extradition if it believed it would result in discriminatory treatment of race, religion, nationality or political opinion.

For the Labour Party, Mr. Frank Allam (Lab., Salford E.) said the sale of council houses would seriously worsen the housing situation. "If the total stock of council houses is reduced, the pool available for reletting is also reduced, and the pathogenic queue of homelessness would be lengthened," he said.

The present front runner is Mr. Donald Dewar, who was MP for Aberdeen South between 1966 and 1970. He has been nominated by the largest ward in the constituency, and the election conference will be held at the beginning of next month.

The aim of the convention was to remove the barriers to extradition which was the most certain way of bringing terrorists to justice. It reduced the possibility of terrorism avoiding prosecution by claiming their crimes were political.

Lord Harris said that the Bill in no way affected the powers of the Government to refuse extradition if it believed it would result in discriminatory treatment of race, religion, nationality or political opinion.

For the Labour Party, Mr. Frank Allam (Lab., Salford E.) said the sale of council houses would seriously worsen the housing situation. "If the total stock of council houses is reduced, the pool available for reletting is also reduced, and the pathogenic queue of homelessness would be lengthened," he said.

The present front runner is Mr. Donald Dewar, who was MP for Aberdeen South between 1966 and 1970. He has been nominated by the largest ward in the constituency, and the election conference will be held at the beginning of next month.

The aim of the convention was to remove the barriers to extradition which was the most certain way of bringing terrorists to justice. It reduced the possibility of terrorism avoiding prosecution by claiming their crimes were political.

Lord Harris said that the Bill in no way affected the powers of the Government to refuse extradition if it believed it would result in discriminatory treatment of race, religion, nationality or political opinion.

For the Labour Party, Mr. Frank Allam (Lab., Salford E.) said the sale of council houses would seriously worsen the housing situation. "If the total stock of council houses is reduced, the pool available for reletting is also reduced, and the pathogenic queue of homelessness would be lengthened," he said.

The present front runner is Mr. Donald Dewar, who was MP for Aberdeen South between 1966 and 1970. He has been nominated by the largest ward in the constituency, and the election conference will be held at the beginning of next month.

The aim of the convention was to remove the barriers to extradition which was the most certain way of bringing terrorists to justice. It reduced the possibility of terrorism avoiding prosecution by claiming their crimes were political.

Lord Harris said that the Bill in no way affected the powers of the Government to refuse extradition if it believed it would result in discriminatory treatment of race, religion, nationality or political opinion.

For the Labour Party, Mr. Frank Allam (Lab., Salford E.) said the sale of council houses would seriously worsen the housing situation. "If the total stock of council houses is reduced, the pool available for reletting is also reduced, and the pathogenic queue of homelessness would be lengthened," he said.

The present front runner is Mr. Donald Dewar, who was MP for Aberdeen South between 1966 and 1970. He has been nominated by the largest ward in the constituency, and the election conference will be held at the beginning of next month.

The aim of the convention was to remove the barriers to extradition which was the most certain way of bringing terrorists to justice. It reduced the possibility of terrorism avoiding prosecution by claiming their crimes were political.

Lord Harris said that the Bill in no way affected the powers of the Government to refuse extradition if it believed it would result in discriminatory treatment of race, religion, nationality or political opinion.

For the Labour Party, Mr. Frank Allam (Lab., Salford E.) said the sale of council houses would seriously worsen the housing situation. "If the total stock of council houses is reduced, the pool available for reletting is also reduced, and the pathogenic queue of homelessness would be lengthened," he said.

The present front runner is Mr. Donald Dewar, who was MP for Aberdeen South between 1966 and 1970. He has been nominated by the largest ward in the constituency, and the election conference will be held at the beginning of next month.

The aim of the convention was to remove the barriers to extradition which was the most certain way of bringing terrorists to justice. It reduced the possibility of terrorism avoiding prosecution by claiming their crimes were political.

Lord Harris said that the Bill in no way affected the powers of the Government to refuse extradition if it believed it would result in discriminatory treatment of race, religion, nationality or political opinion.

For the Labour Party, Mr. Frank Allam (Lab., Salford E.) said the sale of council houses would seriously worsen the housing situation. "If the total stock of council houses is reduced, the pool available for reletting is also reduced, and the pathogenic queue of homelessness would be lengthened," he said.

The present front runner is Mr. Donald Dewar, who was MP for Aberdeen South between 1966 and 1970. He has been nominated by the largest ward in the constituency, and the election conference will be held at the beginning of next month.

The aim of the convention was to remove the barriers to extradition which was the most certain way of bringing terrorists to justice. It reduced the possibility of terrorism avoiding prosecution by claiming their crimes were political.

Lord Harris said that the Bill in no way affected the powers of the Government to refuse extradition if it believed it would result in discriminatory treatment of race, religion, nationality or political opinion.

For the Labour Party, Mr. Frank Allam (Lab., Salford E.) said the sale of council houses would seriously worsen the housing situation. "If the total stock of council houses is reduced, the pool available for reletting is also reduced, and the pathogenic queue of homelessness would be lengthened," he said.

The present front runner is Mr. Donald Dewar, who was MP for Aberdeen South between 19

J.P. Morgan

# We delivers



Map by George Philip and Son Ltd. © 1978.

## A range of International services no other bank can offer.

### International Finance. Competitively.

Short-term and fixed rate medium-term finance covered by ECGD guarantees.

Negotiating or discounting bills, Acceptance credits, Eurocurrency finance, Export factoring.

International leasing and Instalment finance.

### International Branch Network. Competitively.

Being the exclusive U.K. member of European Banks International (EBIC) Midland can offer their clients the complete facilities of seven major independent European banks with 10,000 branches throughout Europe and a world-wide network of joint ventures.

### International Transfers. Competitively.

Foreign exchange, spot and forward contracts.

Clean payments, mail transfers, telegraphic transfers, drafts.

Bills for collection, documentary credits.

### International Corporate Travel. Competitively.

Exclusive to Midland, direct access to the world's largest travel company—Thomas Cook—a member of the Midland Bank Group.

The fastest growing company in business travel providing the most comprehensive business travel service including foreign

### Competitively.

exchange in 150 currencies, travellers cheques, V.I.P. Service cards and 870 offices in 145 countries.

### International Merchant Banking.

#### Competitively.

Exclusive to Midland, direct access to the complete facilities of Samuel Montagu, a major Merchant Bank, including bullion dealing, the issue of Eurobonds and operations in the Primary and Secondary bond markets.

### International Insurance. Competitively.

Every aspect of insurance and reinsurance.

### International Marketing Services.

#### Competitively.

A range of marketing and commercial services through the London American Finance Corporation Group, operating in over 100 countries.

Information on regulations, tariffs, documentation procedures and exchange control.

To ensure your company makes the most of its international opportunities, you really should talk with us.

For a prompt answer, contact George Bryen, tel: London 606 9944. Telex 888401 or contact any of our branches throughout the U.K.

TEST US.



Delivers.

Midland Bank International

Midland Bank Limited, International Division, 60 Gracechurch Street, London EC3P 3BN. Tel: 01-606 9944.



| ACQUISITION OF SUBSIDIARIES | 1973  | 1974  | 1975  | 1976  | 1977  |
|-----------------------------|-------|-------|-------|-------|-------|
| Net assets acquired         | £'000 | £'000 | £'000 | £'000 | £'000 |
| Goodwill                    | 5     | 554   | 1     | 1     | 1     |
| Stocks                      | 14    | 41    | 35    | 383   | 283   |
| Debtors                     | 3     | 10    | (35)  | (895) | (247) |
| Trade receivables           | 10    | (18)  | 1     | 1     | 1     |
| Loans                       | 1     | 1     | 1     | 1     | 1     |
| Deferred taxation           | 1     | 1     | 1     | 1     | 1     |
| Minority interest           | 1     | 1     | 1     | 1     | 1     |
|                             | 1     | 28    | 1     | 126   | 1     |

(8) ACCOUNTS  
No accounts of Sles or the Sles Group have been prepared and audited in respect of any period subsequent to 30th September, 1977.

Your faithfully,  
DEARDEN FARROW,  
Chartered Accountants.

## II. PROFIT FORECASTS AND ASSUMPTIONS

(1) The Existing Group  
The Directors forecast that, in the absence of unforeseen circumstances, and on the basis of the assumptions set out below, the consolidated profits before taxation, extraordinary items and the results of associated companies of the Existing Group for the year ending 30th June, 1978 will not be less than £25,000. The significant assumptions made by the Directors at this forecast are as follows:  
1. There will be no exceptional economic, industrial or political factors which will affect the turnover of the restaurants and hotels of the Existing Group.  
2. There will be no changes in the structure of the Existing Group.  
3. The accounting policies of the Existing Group will not change.  
4. Present interest rates will not change materially.  
5. Any inflationary increases in costs will be absorbed by higher sales prices.

(2) The Existing Group  
The Directors of Sles forecast that, in the absence of unforeseen circumstances, and on the basis of the assumptions set out below, the consolidated profits before taxation, extraordinary items and the results of associated companies of the Sles Group for the nine months ending 30th June, 1978 will not be less than £22,000. The significant assumptions made by the Directors at this forecast are as follows:  
1. There will be no exceptional economic, industrial or political factors which will affect the production of the Sles Group, its continuance or the requirements of customers.  
2. The accounting policies of the Sles Group will not change.  
3. Present interest rates will not change materially.  
4. Any inflationary increases in costs will be absorbed by higher sales prices.

(3) The Existing Group  
The Directors forecast that, in the absence of unforeseen circumstances, and on the assumption that the above nine month forecast for the Sles Group, made by the Directors of Sles, will be achieved, the consolidated profits before taxation, extraordinary items and the results of associated companies of the Enlarged Group for the year ending 30th June, 1978 will, provided the acquisition profits, be not less than £250,000.

## III. PRO-FORMA CONSOLIDATED BALANCE SHEET OF THE ENLARGED GROUP

The Pro-forma Consolidated Balance Sheet of the Enlarged Group set out below has been prepared by combining the audited Consolidated Balance Sheet of the Existing Group at 30th June, 1977, as set out in the Accounts, with the pro-forma working adjustments in respect of the matters set out in the notes.

Consolidated Balance Sheet of the Existing Group at 30th June, 1977

|  | Notes | £'000 | £'000 | £'000 |
|--|-------|-------|-------|-------|
| <b>FIXED ASSETS</b>                                  |       | 2     | 2     | 2     |
| Land and buildings                                   |       | 1,614 | 401   | 562   |
| Short term land and buildings                        |       | 1     | 1     | 1     |
| Plant, equipment and motor vehicles                  |       | 519   | 3     | 2,378 |
|  |       | 519   | 3     | 2,378 |
| <b>UNLISTED INVESTMENTS</b>                          |       | 3     | 25    | 2,407 |
| <b>CURRENT ASSETS</b>                                |       | 516   | 1     | 1,597 |
| Stock and work in progress                           |       | 516   | 1     | 516   |
| Amount due from Sles (less paid)                     |       | 2     | 2     | 2     |
| Cash in hand   |       | 1,597 | 1     | 1,597 |
|  |       | 1,597 | 1     | 1,597 |
| <b>CURRENT LIABILITIES</b>                           |       | 1,198 | 1     | 2,104 |
| Creditors  |       | 1,198 | 1     | 1,198 |
| Bank overdrafts secured                              |       | 2     | 2     | 2     |
|  |       | 2,104 | 1     | 2,104 |
| <b>NET CURRENT LIABILITIES</b>                       |       | 207   | 1     | 2,200 |
| <b>DEFERRED LIABILITIES</b>                          |       | 1,094 | 1     | 1,094 |
| Deferred taxation                                    |       | 152   | 1     | 152   |
| Lease - secured                                      |       | 203   | 1     | 203   |
| Corporation tax                                      |       | 640   | 1     | 640   |
|  |       | 1,094 | 1     | 1,094 |
| <b>NET TANGIBLE ASSETS GOODWILL ON CONSOLIDATION</b> |       | 1,105 | 1     | 1,105 |
| <b>NET ASSETS</b>                                    |       | 1,267 | 1     | 1,267 |
| <b>ISSUED SHARE CAPITAL</b>                          |       | 881   | 1     | 881   |
| <b>CAPITAL RESERVE</b>                               |       | 93    | 1     | 93    |
| <b>SHARE PREMIUM</b>                                 |       | 131   | 1     | 131   |
| <b>PROFIT AND LOSS ACCOUNTS</b>                      |       | 42    | 1     | 42    |
| <b>SHAREHOLDERS' FUNDS</b>                           |       | 1,247 | 1     | 1,247 |
| <b>MINORITY INTEREST</b>                             |       | 20    | 1     | 20    |
| <b>CAPITAL EMPLOYED</b>                              |       | 1,267 | 1     | 1,267 |

**Notes:**  
(1) **Adjustments**  
The significant adjustments made in the preparation of the Pro-forma Consolidated Balance Sheet of the Enlarged Group set out above are in respect of the following:-  
(a) The net cash proceeds of £1,240,000 (after rates expense of £110,000) arising from the disposal by Sles Horticulture Limited in October, 1977 of part of the land at the Gate Burton Estate having an appraised cost of approximately £740,000 and the corporation tax of £150,000 on the capital gains, giving a net profit of £380,000.  
(b) The net cash proceeds of £27,000 arising from the conditional disposal by Sles on 11th January, 1978 of its shareholding in the Company, having a cost of £153,000, and the corporation tax of £4,000 of the capital gain, giving a net profit of £10,000.  
(c) The adjustment for assessment of the Company's stated share capital to the Official List which are estimated to require £120,000 and which have been charged to goodwill on consolidation.  
(d) The issue of 12,507,000 Deferred Ordinary shares of 5p each of the Company at a premium of £2.32.  
(e) The capitalisation of £18,500.85 of the resulting share premium in (d) above by the issue of 3,232,017 Ordinary shares of 5p each of the Company.  
(f) Debtors include a cash advance to Polystyrene Limited of £88,823 received by a Debenture dated 11th January, 1978.

2. **Fixed Assets**

|                | Freehold land and buildings | Plant, equipment and motor vehicles |       |
|----------------|-----------------------------|-------------------------------------|-------|
|                | Long lease                  | Short lease                         |       |
| Cost           | £'000                       | £'000                               | £'000 |
| Valuation 1977 | 1,283                       | 402                                 | 846   |
| Valuation 1978 | 1                           | 20                                  | 18    |
| Depreciation   | 1                           | 1                                   | 1     |
| Net book value | 1,414                       | 401                                 | 562   |

3. **Unlisted Investments**

| Cost of shares in: Rhenomic Transmissions Limited (25 per cent.) | 24 |
|--|----|
| Polyest Products Limited (20 per cent.)                          | 4  |
| Captaine Limited (30 per cent.)                                  | 1  |
|  | 29 |

4. **Long term borrowings**

| Deferred bank loans                                   | 52  |
|---|-----|
| Industrial and Commercial Finance Corporation Limited | 250 |
|   | 302 |

5. **Corporation Tax**  
This includes an amount of £486,224 referred to in section 3 note 3 of the Accounts' Report. In the opinion of the Directors with the Inland Revenue proving successful, this amount will be released and will enhance the assets of the Enlarged Group, subject to any relief given to the vendors of Sles under the tax indemnities given in material contract no. (xxv) in paragraph 17 below.

6. **Goodwill on consolidation**

| Cost of shares in Sles (Note 1 (d) above)             | 875 |
|---|-----|
| Less book value                                       | 120 |
|   | 755 |
| Deferred bank loans                                   | 52  |
| Industrial and Commercial Finance Corporation Limited | 250 |
|   | 302 |

7. **Capital employed**

| £'000 | 161 |
|-------|-----|
|       | 68  |

The goodwill on consolidation of Sles will be reduced by the trading profit after taxation of the Sles Group from 1st October, 1977 to the effective date of acquisition.

2. **Issued Share Capital**

| Balance 30th June, 1977         | 237 |
|---------------------------------|-----|
| Less shares issued by Sles      | 625 |
|                                 | 119 |
| Capitalisation of share premium | 981 |
|                                 | 981 |

8. **Share Premium**

| Airing on acquisition of Sles | £'000 |
|-------------------------------|-------|
| Less Capitalisation           | 250   |
|                               | 119   |
|                               | 131   |

10. **DIRECTORS AND OTHER SUBSTANTIAL INTERESTS**

(1) Of the 12,507,000 Deferred Ordinary shares of the Company conditionally allotted as consideration for the acquisition of the whole of the issued share capital of Sles, 12,063,036 Deferred Ordinary shares will be allotted to Mr. R. J. Bradley and 443,964 Deferred Ordinary shares will be allotted to Mr. L. Bradley.

(2) The Directors of the Company and their spouses, and their spouses, immediately after completion of the acquisition of Sles and before the capitalisation referred to in paragraph 12 above, as interest in the Deferred Ordinary shares of the Company as follows:-

Deferred Ordinary shares

| Beneficial    | Non-beneficial |
|---------------|----------------|
| 12,063,036    | —              |
|               | 100,000        |
| R. J. Bradley | —              |
|               | 36,432         |
| L. Bradley    | —              |
|               | 100,000        |
| R. D. Guthrie | —              |
|               | 5,000          |
| R. D. Young   | —              |
|               | 5,000          |

(3) It is the intention of Mr. R. J. Bradley to sell only sufficient shares to ensure that the Company will not be a close company within the provisions of the Income and Corporation Taxes Act 1970 at 30th June, 1978.

(4) The company in the Ordinary shares of the Company by the Directors of the Company and their spouses during the period commencing twelve months before the announcement of the Offer and ending on the date of this advertisement were as follows:-

Deferred Ordinary shares

| Date                | Transaction | Number of shares | Value per share |
|---------------------|-------------|------------------|-----------------|
| 22nd April, 1977    | Purchase    | 5,000            | 33.5p           |
| 5th August, 1977    | Sale        | 20,000           | 23p             |
| 26th November, 1977 | Sale        | 40,000           | 23p             |
| 6th December, 1977  | Sale        | 100,000          | 30p             |

(5) Save as disclosed herein, there are no agreements, arrangements or understandings between the Company, or any person acting in concert with the Company, and any of the Directors or racemates of the Company, or any person acting in concert with them, relating to the beneficial ownership of any shares of Sles acquired by the Company pursuant to the Offer or may be transferred to any other person but the Company reserves the right to transfer any such shares to a subsidiary of the Company.

(6) (7) Save as disclosed herein, neither the Company nor any of its subsidiaries nor any of the Directors or racemates of the Company, or any person acting in concert with them, has any beneficial interest, whether direct or indirect, in any Ordinary shares or any Deferred Ordinary shares of the Company or shares of Sles in the period commencing twelve months before the announcement of the Offer and ending on the date of this advertisement.

(8) Save as disclosed herein, so far as the Directors of the Company are aware, no person owns or is beneficially interested in 5 per cent. or more of the issued share capital of the Company.

(9) Anholt Investment Management Limited, of which R. D. Young is a Director and shareholder, receives a fee of £10,000 per annum (excluding VAT) for the management of its funds.

(10) The Directors of the Company, and their spouses, and their spouses, immediately after completion of the acquisition of Sles and before the capitalisation referred to in paragraph 12 above, as interest in the Deferred Ordinary shares of the Company and the Enlarged Group, will be entitled to approximately £25,000 and £185,000 respectively.

(11) The Directors of the Company, and their spouses, and their spouses, immediately after completion of the acquisition of Sles and before the capitalisation referred to in paragraph 12 above, as interest in the Deferred Ordinary shares of the Company and the Enlarged Group, will be entitled to approximately £43,000 and £75,000 respectively.

The Queen Hotel and the Household premises at 227/232 High Street were valued at £30,000 by Messrs. De Grotte, Galtis & Valuers, on 31st March, 1977. The valuation was carried out on a going concern basis.

111 Jermyn Street, London SW1, 6,935 sq. ft. A L'Ecu de France Restaurant Leasehold. 18 years unexpired at an annual rent of £23,500; reviewable every 5 years. 24,000 per annum.

110 Jermyn Street, London SW1, 1,160 sq. ft. Offices used by the Epicure Group Leasehold. Details of the principal properties of the Sles Group are as follows:-

Property Usage Tenure

| Appartments                                       | Freehold  |
|---|---|
| Southgate Shopping Centre, Sleaford, Lincolnshire | Shopping centre split into 16 shop units and supermarket and 16 flats |

Gate Burton Hall and Parkland at Gate Burton, near Grantham, Lincolnshire. 7.25 acres of which 42,000 sq. ft. are covered areas Leasehold. 52 years unexpired at an annual rent of £3,650; reviewable every 16 years. 16,000 per annum.

Stamp End, Lincoln. 0.9 acres of which 32,000 sq. ft. are covered areas Leasehold. 66 years unexpired; no ground rent payable.

The Sles Group holds 25 other freehold properties and one leasehold property. These properties are mainly houses or cottages in Sleaford, Lincolnshire.

12. CAPITAL HISTORY AND STRUCTURE

The Company

At 30th June, 1977 the share capital of the Company was as follows:-

Authorized £350,000 Ordinary shares of 5p each Issued and fully paid £23,202.

On 26th February, 1978 shareholders approved resolutions increasing the authorized capital to £21,500,000 by the creation of an additional 12,507,000 Deferred Ordinary shares of 5p each and 443,963 Ordinary shares of





LOMBARD

# North Sea fund in the balance

BY PETER RIDDELL

PROPOSALS for a special Government fund to use North Sea oil revenue can all too easily be dismissed as merely a political gimmick. But this would be a misleading oversimplification, ignoring the wider implications both for Government expenditure and for the current framework of fiscal policy.

Admittedly, some of the unexpectedly sizeable support for the idea in the Cabinet can probably be explained by the supposed electoral attractions of having such a fund to demonstrate that the North Sea opportunity is not being "frittered away."

## Earmarked

The creation of a special oil fund would, however, mark a major departure from the established British principle that all revenue should be pooled together and individual taxes should not be specifically earmarked for particular purposes. The existence of a Consolidated Fund has been generally accepted since William Pitt's reforms in 1787. One of the few exceptions to the principle has been the National Insurance Fund.

The traditional view has a lot to be said for it. There is no necessary logical connection between the total amount raised from the excise duty on tobacco and spending on research into lung cancer and its treatment in hospitals.

The most sensible way to make the link between tax and expenditure is at the aggregate level and to decide separately on the political, social and economic priorities which determine the distribution both of spending and taxation.

The revenue from North Sea oil can be seen as being no different from any other sort of tax. Indeed, the oil receipts will not make an enormous difference to total Government revenue. In the next financial year, receipts from royalties and from Corporation and Petroleum Revenue taxes are unlikely to amount to more than 1 to 1½ per cent. of total Government revenue, and the percentage may be little more than 4 or 5 per cent. by 1980-81.

There is a strong case for merely saying that the Government can cut taxes by that much more than it would have done or it can increase spending to a higher level than otherwise. The Conservative argument has been that the bulk of the revenue

## Different

There is also the fundamental problem of determining whether spending financed from this fund would be additional to what would have anyway been spent or would merely be a different label on the same programme. There are relatively few projects which can logically be tied to North Sea revenue. The obvious example is in investment in the replacement of energy resources.

The strongest argument for a special fund might, ironically, be if it turned out to be just a presentational device, serving as a constant reminder of the North Sea revenue. It is a pity, however, that the Cabinet does not appear to be considering whether an oil fund could form part one of the few imaginative proposals to use the revenue—giving the proceeds back to the people via the issue of a marketable equity.

This idea is discussed in detail in a forthcoming article in the Lloyds Bank Review by my colleagues Samuel Brittan and Barry Riley. The drawback for politicians in such a plan is that it removes them from the rewards of being able to announce tax cuts.

The desire not to repeat this experience accounts for much of the support for some form of separate accounting for the oil revenue—especially via the creation of a specific oil fund. The hope is that this might help to remind the public that the benefits of North Sea production are only temporary and should not be wasted.

The real question is how such a fund would operate in practice. There is no reason why all the money in such a fund should go into additional public spending rather than into tax cuts. But a special fund is almost certain to have a bias in favour of additional expenditure.

It could end in a win for Tony Gillam's possibly under-rated Broughbridge challenger, Rambling Artist. A 7,000 guineas Doncaster sales purchase, this Irish chaser, a strong son of Sir Gordon Richards' Goodwood Cup winner, Wrekin Rambler, has already proved that the money was almost certainly well spent.

His last race, particularly, augured well for the future. Always travelling smoothly and

Haydock 12.45 Piccadilly Line\*  
1.15 Bird of Prey  
1.45 Forte Thieves  
2.15 Et Tu  
2.45 Rambling Artist\*\*  
3.15 Timmies Battle  
3.45 Vulture's Kid\*\*\*

FONTWELL  
1.30 Pevezel  
2.00 Le Diable  
2.30 Abe  
3.00 Pardon  
3.30 Blege Prince  
4.00 Princely

Haydock 12.45 Piccadilly Line\*  
1.15 Bird of Prey  
1.45 Forte Thieves  
2.15 Et Tu  
2.45 Rambling Artist\*\*  
3.15 Timmies Battle  
3.45 Vulture's Kid\*\*\*

FONTWELL  
1.30 Pevezel  
2.00 Le Diable  
2.30 Abe  
3.00 Pardon  
3.30 Blege Prince  
4.00 Princely

Haydock 12.45 Piccadilly Line\*  
1.15 Bird of Prey  
1.45 Forte Thieves  
2.15 Et Tu  
2.45 Rambling Artist\*\*  
3.15 Timmies Battle  
3.45 Vulture's Kid\*\*\*

FONTWELL  
1.30 Pevezel  
2.00 Le Diable  
2.30 Abe  
3.00 Pardon  
3.30 Blege Prince  
4.00 Princely

Haydock 12.45 Piccadilly Line\*  
1.15 Bird of Prey  
1.45 Forte Thieves  
2.15 Et Tu  
2.45 Rambling Artist\*\*  
3.15 Timmies Battle  
3.45 Vulture's Kid\*\*\*

FONTWELL  
1.30 Pevezel  
2.00 Le Diable  
2.30 Abe  
3.00 Pardon  
3.30 Blege Prince  
4.00 Princely

Haydock 12.45 Piccadilly Line\*  
1.15 Bird of Prey  
1.45 Forte Thieves  
2.15 Et Tu  
2.45 Rambling Artist\*\*  
3.15 Timmies Battle  
3.45 Vulture's Kid\*\*\*

FONTWELL  
1.30 Pevezel  
2.00 Le Diable  
2.30 Abe  
3.00 Pardon  
3.30 Blege Prince  
4.00 Princely

Haydock 12.45 Piccadilly Line\*  
1.15 Bird of Prey  
1.45 Forte Thieves  
2.15 Et Tu  
2.45 Rambling Artist\*\*  
3.15 Timmies Battle  
3.45 Vulture's Kid\*\*\*

FONTWELL  
1.30 Pevezel  
2.00 Le Diable  
2.30 Abe  
3.00 Pardon  
3.30 Blege Prince  
4.00 Princely

Haydock 12.45 Piccadilly Line\*  
1.15 Bird of Prey  
1.45 Forte Thieves  
2.15 Et Tu  
2.45 Rambling Artist\*\*  
3.15 Timmies Battle  
3.45 Vulture's Kid\*\*\*

FONTWELL  
1.30 Pevezel  
2.00 Le Diable  
2.30 Abe  
3.00 Pardon  
3.30 Blege Prince  
4.00 Princely

Haydock 12.45 Piccadilly Line\*  
1.15 Bird of Prey  
1.45 Forte Thieves  
2.15 Et Tu  
2.45 Rambling Artist\*\*  
3.15 Timmies Battle  
3.45 Vulture's Kid\*\*\*

FONTWELL  
1.30 Pevezel  
2.00 Le Diable  
2.30 Abe  
3.00 Pardon  
3.30 Blege Prince  
4.00 Princely

Haydock 12.45 Piccadilly Line\*  
1.15 Bird of Prey  
1.45 Forte Thieves  
2.15 Et Tu  
2.45 Rambling Artist\*\*  
3.15 Timmies Battle  
3.45 Vulture's Kid\*\*\*

FONTWELL  
1.30 Pevezel  
2.00 Le Diable  
2.30 Abe  
3.00 Pardon  
3.30 Blege Prince  
4.00 Princely

Haydock 12.45 Piccadilly Line\*  
1.15 Bird of Prey  
1.45 Forte Thieves  
2.15 Et Tu  
2.45 Rambling Artist\*\*  
3.15 Timmies Battle  
3.45 Vulture's Kid\*\*\*

FONTWELL  
1.30 Pevezel  
2.00 Le Diable  
2.30 Abe  
3.00 Pardon  
3.30 Blege Prince  
4.00 Princely

Haydock 12.45 Piccadilly Line\*  
1.15 Bird of Prey  
1.45 Forte Thieves  
2.15 Et Tu  
2.45 Rambling Artist\*\*  
3.15 Timmies Battle  
3.45 Vulture's Kid\*\*\*

FONTWELL  
1.30 Pevezel  
2.00 Le Diable  
2.30 Abe  
3.00 Pardon  
3.30 Blege Prince  
4.00 Princely

Haydock 12.45 Piccadilly Line\*  
1.15 Bird of Prey  
1.45 Forte Thieves  
2.15 Et Tu  
2.45 Rambling Artist\*\*  
3.15 Timmies Battle  
3.45 Vulture's Kid\*\*\*

FONTWELL  
1.30 Pevezel  
2.00 Le Diable  
2.30 Abe  
3.00 Pardon  
3.30 Blege Prince  
4.00 Princely

Haydock 12.45 Piccadilly Line\*  
1.15 Bird of Prey  
1.45 Forte Thieves  
2.15 Et Tu  
2.45 Rambling Artist\*\*  
3.15 Timmies Battle  
3.45 Vulture's Kid\*\*\*

FONTWELL  
1.30 Pevezel  
2.00 Le Diable  
2.30 Abe  
3.00 Pardon  
3.30 Blege Prince  
4.00 Princely

Haydock 12.45 Piccadilly Line\*  
1.15 Bird of Prey  
1.45 Forte Thieves  
2.15 Et Tu  
2.45 Rambling Artist\*\*  
3.15 Timmies Battle  
3.45 Vulture's Kid\*\*\*

FONTWELL  
1.30 Pevezel  
2.00 Le Diable  
2.30 Abe  
3.00 Pardon  
3.30 Blege Prince  
4.00 Princely

Haydock 12.45 Piccadilly Line\*  
1.15 Bird of Prey  
1.45 Forte Thieves  
2.15 Et Tu  
2.45 Rambling Artist\*\*  
3.15 Timmies Battle  
3.45 Vulture's Kid\*\*\*

FONTWELL  
1.30 Pevezel  
2.00 Le Diable  
2.30 Abe  
3.00 Pardon  
3.30 Blege Prince  
4.00 Princely

Haydock 12.45 Piccadilly Line\*  
1.15 Bird of Prey  
1.45 Forte Thieves  
2.15 Et Tu  
2.45 Rambling Artist\*\*  
3.15 Timmies Battle  
3.45 Vulture's Kid\*\*\*

FONTWELL  
1.30 Pevezel  
2.00 Le Diable  
2.30 Abe  
3.00 Pardon  
3.30 Blege Prince  
4.00 Princely

Haydock 12.45 Piccadilly Line\*  
1.15 Bird of Prey  
1.45 Forte Thieves  
2.15 Et Tu  
2.45 Rambling Artist\*\*  
3.15 Timmies Battle  
3.45 Vulture's Kid\*\*\*

FONTWELL  
1.30 Pevezel  
2.00 Le Diable  
2.30 Abe  
3.00 Pardon  
3.30 Blege Prince  
4.00 Princely

Haydock 12.45 Piccadilly Line\*  
1.15 Bird of Prey  
1.45 Forte Thieves  
2.15 Et Tu  
2.45 Rambling Artist\*\*  
3.15 Timmies Battle  
3.45 Vulture's Kid\*\*\*

FONTWELL  
1.30 Pevezel  
2.00 Le Diable  
2.30 Abe  
3.00 Pardon  
3.30 Blege Prince  
4.00 Princely

Haydock 12.45 Piccadilly Line\*  
1.15 Bird of Prey  
1.45 Forte Thieves  
2.15 Et Tu  
2.45 Rambling Artist\*\*  
3.15 Timmies Battle  
3.45 Vulture's Kid\*\*\*

FONTWELL  
1.30 Pevezel  
2.00 Le Diable  
2.30 Abe  
3.00 Pardon  
3.30 Blege Prince  
4.00 Princely

Haydock 12.45 Piccadilly Line\*  
1.15 Bird of Prey  
1.45 Forte Thieves  
2.15 Et Tu  
2.45 Rambling Artist\*\*  
3.15 Timmies Battle  
3.45 Vulture's Kid\*\*\*

FONTWELL  
1.30 Pevezel  
2.00 Le Diable  
2.30 Abe  
3.00 Pardon  
3.30 Blege Prince  
4.00 Princely

Haydock 12.45 Piccadilly Line\*  
1.15 Bird of Prey  
1.45 Forte Thieves  
2.15 Et Tu  
2.45 Rambling Artist\*\*  
3.15 Timmies Battle  
3.45 Vulture's Kid\*\*\*

FONTWELL  
1.30 Pevezel  
2.00 Le Diable  
2.30 Abe  
3.00 Pardon  
3.30 Blege Prince  
4.00 Princely

Haydock 12.45 Piccadilly Line\*  
1.15 Bird of Prey  
1.45 Forte Thieves  
2.15 Et Tu  
2.45 Rambling Artist\*\*  
3.15 Timmies Battle  
3.45 Vulture's Kid\*\*\*

FONTWELL  
1.30 Pevezel  
2.00 Le Diable  
2.30 Abe  
3.00 Pardon  
3.30 Blege Prince  
4.00 Princely

Haydock 12.45 Piccadilly Line\*  
1.15 Bird of Prey  
1.45 Forte Thieves  
2.15 Et Tu  
2.45 Rambling Artist\*\*  
3.15 Timmies Battle  
3.45 Vulture's Kid\*\*\*

FONTWELL  
1.30 Pevezel  
2.00 Le Diable  
2.30 Abe  
3.00 Pardon  
3.30 Blege Prince  
4.00 Princely

Haydock 12.45 Piccadilly Line\*  
1.15 Bird of Prey  
1.45 Forte Thieves  
2.15 Et Tu  
2.45 Rambling Artist\*\*  
3.15 Timmies Battle  
3.45 Vulture's Kid\*\*\*

FONTWELL  
1.30 Pevezel  
2.00 Le Diable  
2.30 Abe  
3.00 Pardon  
3.30 Blege Prince  
4.00 Princely

Haydock 12.45 Piccadilly Line\*  
1.15 Bird of Prey  
1.45 Forte Thieves  
2.15 Et Tu  
2.45 Rambling Artist\*\*  
3.15 Timmies Battle  
3.45 Vulture's Kid\*\*\*

FONTWELL  
1.30 Pevezel  
2.00 Le Diable  
2.30 Abe  
3.00 Pardon  
3.30 Blege Prince  
4.00 Princely

Haydock 12.45 Piccadilly Line\*  
1.15 Bird of Prey  
1.45 Forte Thieves  
2.15 Et Tu  
2.45 Rambling Artist\*\*  
3.15 Timmies Battle  
3.45 Vulture's Kid\*\*\*

FONTWELL  
1.30 Pevezel  
2.00 Le Diable  
2.30 Abe  
3.00 Pardon  
3.30 Blege Prince  
4.00 Princely

Haydock 12.45 Piccadilly Line\*  
1.15 Bird of Prey  
1.45 Forte Thieves  
2.15 Et Tu  
2.45 Rambling Artist\*\*  
3.15 Timmies Battle  
3.45 Vulture's Kid\*\*\*

FONTWELL  
1.30 Pevezel  
2.00 Le Diable  
2.30 Abe  
3.00 Pardon  
3.30 Blege Prince  
4.00 Princely

Haydock 12.45 Piccadilly Line\*  
1.15 Bird of Prey  
1.45 Forte Thieves  
2.15 Et Tu  
2.45 Rambling Artist\*\*  
3.15 Timmies Battle  
3.45 Vulture's Kid\*\*\*

FONTWELL  
1.30 Pevezel  
2.00 Le Diable  
2.30 Abe  
3.00 Pardon  
3.30 Blege Prince  
4.00 Princely

Haydock 12.45 Piccadilly Line\*  
1.15 Bird of Prey  
1.45 Forte Thieves  
2.15 Et Tu  
2.45 Rambling Artist\*\*  
3.15 Timmies Battle  
3.45 Vulture's Kid\*\*\*

FONTWELL  
1.30 Pevezel  
2.00 Le Diable  
2.30 Abe  
3.00 Pardon  
3.30 Blege Prince  
4.00 Princely

Haydock 12.45 Piccadilly Line\*  
1.15 Bird of Prey  
1.45 Forte Thieves  
2.15 Et Tu  
2.45 Rambling Artist\*\*  
3.15 Timmies Battle  
3.45 Vulture's Kid\*\*\*

FONTWELL  
1.30 Pevezel  
2.00 Le Diable  
2.30 Abe  
3.00 Pardon  
3.30 Blege Prince  
4.00 Princely

Haydock 12.45 Piccadilly Line\*  
1.15 Bird of Prey  
1.45 Forte Thieves  
2.15 Et Tu  
2.45 Rambling Artist\*\*  
3.15 Timmies Battle  
3.45 Vulture's Kid\*\*\*

FONTWELL  
1.30 Pevezel  
2.00 Le Diable  
2.30 Abe  
3.00 Pardon  
3.30 Blege Prince  
4.00 Princely

Haydock 12.45 Piccadilly Line\*  
1.15 Bird of Prey  
1.45 Forte Thieves  
2.15 Et Tu  
2.45 Rambling Artist\*\*  
3.15 Timmies Battle  
3.45 Vulture's Kid\*\*\*

FONTWELL  
1.30 Pevezel

# Visual feasts

by WINSTON FLETCHER

Why has the smart, smear-word television "passed" so quickly into desuetude? You from U.S. Federal Communications Commission chief Newton Minow's desperate description of American programming in the '50s: "Television is no longer the mid-sixties, as a 'wasteland' easy butt of intellectual snobbery that it used to be, a change of choice between Chekov and opposing theories."

Hardy, on a swerve Sunday evening, can't be all soft soap operas and schmaltz.

But back to Saturday, when culture kept bursting all over, rear-ing the highbrow head in the most improbable places. Admittedly not in *Batman*, which is unexpectedly funny these days, replete with stereable puns (which might, that is, make even Bob Monkhouse wince, but which even its most jiving devotees could not call a profound spiritual or artistic experience).

Nonchalantly disregarding the irritating little anomalies involved in defining quality, my personal belief is that the general standard of U.K. television has always been marvellous, that it has improved marginally over the years, and that attempts to decry it in its infancy were simply the expressions of cultural conservatism always provoked by radical innovation. Nevertheless, there does seem to have been a growth of intellectual and artistic activity on the brain box of late, if for even the finest television to watch.

Take last Saturday evening. You could have watched *The Book Programme*; *Joris Ivens' amazing behemoth on China*; and *The South Bank Show*—a total of over four hours' thought-provoking programming, from about 18 hours' transmission on the three channels. (And the various *Newses* occupied, a hellion, and proceeded to kidnap one of their number; all present

one that the incident came as a complete surprise to the nice lady who was abducted.

Well, if Jim O'Brien swears to it, I'll believe him. But what did the lady think the cameras were doing in her once? And why did she re-operate so drolly? Instead, of struggling when the Marine folded her over his shoulder and lumbered her off? Maybe helicopters often land

on the roof of their window, by hell-

opener, and proceeded to kidnap

one of their number; all present

one that the incident came as a complete surprise to the nice

lady who was abducted.

Well, if Jim O'Brien swears to it, I'll believe him. But what

did the lady think the cameras were doing in her once?

And why did she re-operate so drolly? Instead, of struggling

when the Marine folded her over his shoulder and lumbered her off? Maybe helicopters often land

on the roof of their window, by hell-

opener, and proceeded to kidnap

one of their number; all present

one that the incident came as a complete surprise to the nice

lady who was abducted.

Well, if Jim O'Brien swears to it, I'll believe him. But what

did the lady think the cameras were doing in her once?

And why did she re-operate so drolly? Instead, of struggling

when the Marine folded her over his shoulder and lumbered her off? Maybe helicopters often land

on the roof of their window, by hell-

opener, and proceeded to kidnap

one of their number; all present

one that the incident came as a complete surprise to the nice

lady who was abducted.

Well, if Jim O'Brien swears to it, I'll believe him. But what

did the lady think the cameras were doing in her once?

And why did she re-operate so drolly? Instead, of struggling

when the Marine folded her over his shoulder and lumbered her off? Maybe helicopters often land

on the roof of their window, by hell-

opener, and proceeded to kidnap

one of their number; all present

one that the incident came as a complete surprise to the nice

lady who was abducted.

Well, if Jim O'Brien swears to it, I'll believe him. But what

did the lady think the cameras were doing in her once?

And why did she re-operate so drolly? Instead, of struggling

when the Marine folded her over his shoulder and lumbered her off? Maybe helicopters often land

on the roof of their window, by hell-

opener, and proceeded to kidnap

one of their number; all present

one that the incident came as a complete surprise to the nice

lady who was abducted.

Well, if Jim O'Brien swears to it, I'll believe him. But what

did the lady think the cameras were doing in her once?

And why did she re-operate so drolly? Instead, of struggling

when the Marine folded her over his shoulder and lumbered her off? Maybe helicopters often land

on the roof of their window, by hell-

opener, and proceeded to kidnap

one of their number; all present

one that the incident came as a complete surprise to the nice

lady who was abducted.

Well, if Jim O'Brien swears to it, I'll believe him. But what

did the lady think the cameras were doing in her once?

And why did she re-operate so drolly? Instead, of struggling

when the Marine folded her over his shoulder and lumbered her off? Maybe helicopters often land

on the roof of their window, by hell-

opener, and proceeded to kidnap

one of their number; all present

one that the incident came as a complete surprise to the nice

lady who was abducted.

Well, if Jim O'Brien swears to it, I'll believe him. But what

did the lady think the cameras were doing in her once?

And why did she re-operate so drolly? Instead, of struggling

when the Marine folded her over his shoulder and lumbered her off? Maybe helicopters often land

on the roof of their window, by hell-

opener, and proceeded to kidnap

one of their number; all present

one that the incident came as a complete surprise to the nice

lady who was abducted.

Well, if Jim O'Brien swears to it, I'll believe him. But what

did the lady think the cameras were doing in her once?

And why did she re-operate so drolly? Instead, of struggling

when the Marine folded her over his shoulder and lumbered her off? Maybe helicopters often land

on the roof of their window, by hell-

opener, and proceeded to kidnap

one of their number; all present

one that the incident came as a complete surprise to the nice

lady who was abducted.

Well, if Jim O'Brien swears to it, I'll believe him. But what

did the lady think the cameras were doing in her once?

And why did she re-operate so drolly? Instead, of struggling

when the Marine folded her over his shoulder and lumbered her off? Maybe helicopters often land

on the roof of their window, by hell-

opener, and proceeded to kidnap

one of their number; all present

one that the incident came as a complete surprise to the nice

lady who was abducted.

Well, if Jim O'Brien swears to it, I'll believe him. But what

did the lady think the cameras were doing in her once?

And why did she re-operate so drolly? Instead, of struggling

when the Marine folded her over his shoulder and lumbered her off? Maybe helicopters often land

on the roof of their window, by hell-

opener, and proceeded to kidnap

one of their number; all present

one that the incident came as a complete surprise to the nice

lady who was abducted.

Well, if Jim O'Brien swears to it, I'll believe him. But what

did the lady think the cameras were doing in her once?

And why did she re-operate so drolly? Instead, of struggling

when the Marine folded her over his shoulder and lumbered her off? Maybe helicopters often land

on the roof of their window, by hell-

opener, and proceeded to kidnap

one of their number; all present

one that the incident came as a complete surprise to the nice

lady who was abducted.

Well, if Jim O'Brien swears to it, I'll believe him. But what

did the lady think the cameras were doing in her once?

And why did she re-operate so drolly? Instead, of struggling

when the Marine folded her over his shoulder and lumbered her off? Maybe helicopters often land

on the roof of their window, by hell-

opener, and proceeded to kidnap

one of their number; all present

one that the incident came as a complete surprise to the nice

lady who was abducted.

Well, if Jim O'Brien swears to it, I'll believe him. But what

did the lady think the cameras were doing in her once?

And why did she re-operate so drolly? Instead, of struggling

when the Marine folded her over his shoulder and lumbered her off? Maybe helicopters often land

on the roof of their window, by hell-

opener, and proceeded to kidnap

one of their number; all present

one that the incident came as a complete surprise to the nice

lady who was abducted.

Well, if Jim O'Brien swears to it, I'll believe him. But what

did the lady think the cameras were doing in her once?

And why did she re-operate so drolly? Instead, of struggling

when the Marine folded her over his shoulder and lumbered her off? Maybe helicopters often land

on the roof of their window, by hell-

opener, and proceeded to kidnap

one of their number; all present

one that the incident came as a complete surprise to the nice

lady who was abducted.

Well, if Jim O'Brien swears to it, I'll believe him. But what

did the lady think the cameras were doing in her once?

And why did she re-operate so drolly? Instead, of struggling

when the Marine folded her over his shoulder and lumbered her off? Maybe helicopters often land

on the roof of their window, by hell-

opener, and proceeded to kidnap

one of their number; all present

one that the incident came as a complete surprise to the nice

lady who was abducted.

Well, if Jim O'Brien swears to it, I'll believe him. But what

did the lady think the cameras were doing in her once?

And why did she re-operate so drolly? Instead, of struggling

when the Marine folded her over his shoulder and lumbered her off? Maybe helicopters often land

on the roof of their window, by hell-

opener, and proceeded to kidnap

one of their number; all present

one that the incident came as a complete surprise to the nice

lady who was abducted.

Well, if Jim O'Brien swears to it, I'll believe him. But what

did the lady think the cameras were doing in her once?

And why did she re-oper

## FINANCIAL TIMES

BRACKEN HOUSE, CANNON STREET, LONDON EC4P 4BY  
Telegrams: Finantimo, London PS4. Telex: 886341/2, 883897

Telephone: 01-248 8900

Wednesday February 8 1978

## Odd banking figures

THE VERY large rise in the longer ready to refinance. Part of the problem of the banks is lying idle in swollen reserve assets. The rise in the money supply will certainly be smaller when a small fall might have been expected in further confirmation that it is very difficult to prevent large foreign inflows from affecting the money supply. This has happened in virtually every country with a strong currency since the dollar began to decline so precipitately, and there is now a clear possibility that it will happen here too. It would take a very sharp fall between now and April to get the figure for the year back within target.

### Funding crises

This problem has already been worrying the gilts market, and to-day's figures will further depress its morale. This is only natural, because the market plays a leading role in controlling the money supply, and the figures suggest heavy official selling pressure. Until a new trading level is established, the result is perversely to inflate the money supply further, since the investing institutions tend to withhold their funds and keep them in the banks. The conditions are right, unhealthily, for another of the small funding crises which have always punctuated the progress of British monetary control.

However, a pause in funding is hardly a national economic crisis in present conditions. Two years ago any undue rise in liquidity, however temporary, was likely to finance an outflow across the exchanges; the present rise is the result of an inflow in the recent past rather than the cause of an outflow. In addition, the figures certainly exaggerate what is actually happening to the money supply. The banks, for whatever motive—either to finance a rise in loan demand or to provide against future financial action to check the growth of bank lending at source—have been calling in their loans from the discount market and borrowing heavily there. Part of this while recent distortions are unmoney is required to back a wound, or whether the authorities will have to reinforce it which the Government is no with a show of strength.

## The Gaulism of Dr. Owen

THE GOVERNMENT's latest response to critics of its European policy is unlikely to have set their minds at rest. The speech in Brussels by Dr. David Owen, the Foreign Secretary, on Monday night clearly confirms the "non-Gaullist" attitude towards the Community that has caused such concern in other capitals. The parallels with traditional French thinking are striking: rejection of federalism is coupled with an intrinsic confidence in the superiority of British political and philosophical traditions; British fishermen are equated with French farmers; and Dr. Owen appears to be espousing the idea of confederation in Europe—a concept that has been endorsed by successive French leaders.

### Distinctive

Many of the points Dr. Owen makes are fair enough. Few people would deny that the British character is distinctive or that an island nation is likely to have a different perspective from its Continental neighbours. It is valid to draw attention to this in the context of the argument over fisheries policy, in which the Community's two island members, Britain and Ireland, have quite different interests from the other countries—interests which they are perfectly entitled to defend. It is perhaps understandable that the Foreign Secretary should once again draw attention to the conflict between "Anglo-Saxon pragmatism" and "Napoleonic philosophy"—though other speakers might more sensibly have chosen to highlight cultural similarities.

### Commission

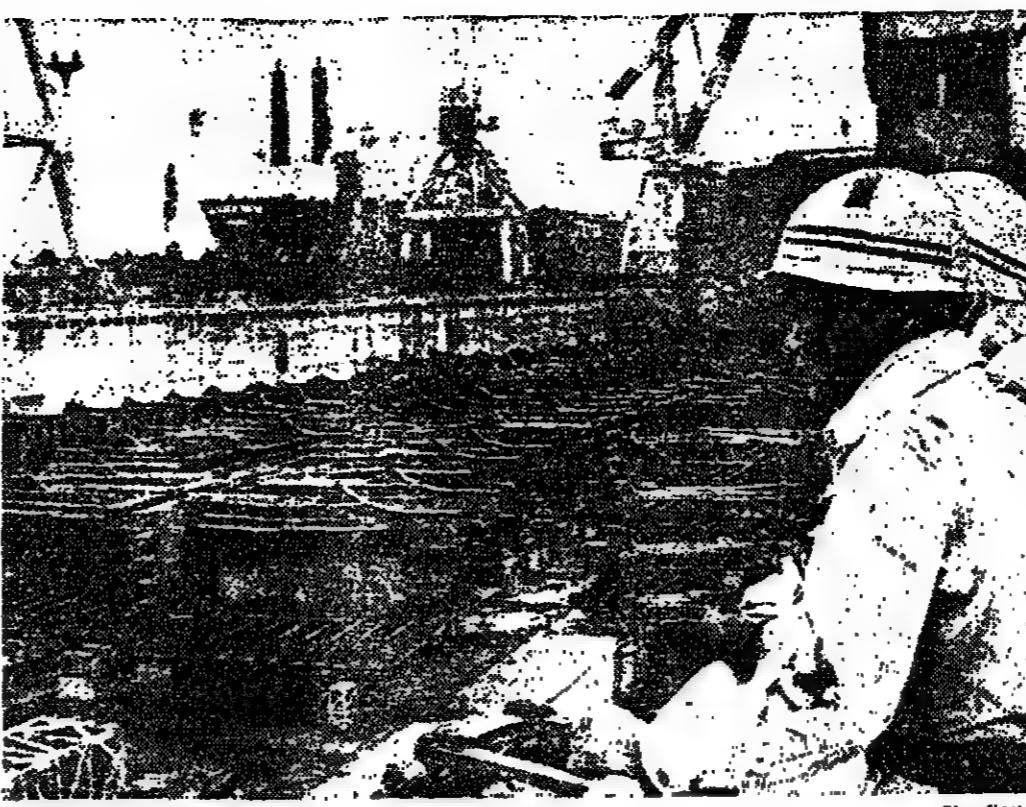
Britain, Dr. Owen says, has a contribution to make. But the most notable omission in his speech is any positive proposal for future action. He says the role of the Commission should be adapted to cope with enlargement, but does not explain how—other than proposing in passing that the number of Commissioners should be reduced. He stresses the urgent problems of enlargement and calls for agreement on how to tackle them by the end of the year. But he has no solutions to offer. His speech may have reassured his Labour Party audience; it is likely to have had the opposite effect elsewhere.

# Japanese shipbuilders: keeping the wolf from the door

BY DOUGLAS RAMSEY, in Tokyo

THE CAPTAINS of Japan's shipbuilding industry at Mitsubishi Heavy Industries, are thinking the unthinkable: "I do not think that we shall have to dismiss any workers, but it depends on how bad the situation becomes," Mr. Yutaka Aoki, vice-general manager of Mitsubishi's ship export department, admits. Manpower at the five Mitsubishi shipyards has already been pared from 22,500 to around 18,500 at present. The company expects to cut another 2,000 jobs by March 1979. So far, face has been saved in a country where saving face counts in business: no dismissals, and the transfers to other companies have been done within the group, notably from the Nagasaki shipyards to Mitsubishi Motors' car factory at Nagasaki.

Mitsubishi's last supertanker was completed in April. Like all the big shipbuilders Mitsubishi has to adapt to the vacuum caused by the cessation of orders for ultra-large and very large crude carriers. Redundancies have already



redundancy of some smaller yards could drop to well below 75,000 a reminder that the recession in the coming year. Dismissals in the world ship market has cut deep in Japan. The Ministry of Transport forecast new building in fiscal 1977 of 6.5m. gross tons, but between April and December only about 2.6m. have been laid. Moreover, the target for new orders in the 12 months to March has been 5m. gross tons, but at end-December stood at only 2m. tons with only a faint prospect of reaching the half-way mark in March.

The arithmetic of Japan's sailing ship industry is not complicated: statistics for 1977 are testimony enough.

• NEW LAUNCHINGS: At the seven "major" shipyards, launchings were down 37.9 per cent, by tonnage for 294 vessels aggregating 5.7m. gross tons. The decline in 1975 was 6 per cent, and 27 per cent in 1976, and the slowdown of domestic launchings was greater than those for export.

• COMPLETIONS: 265 vessels for a total 7m. gross tons were completed in 1977, 33.7 per cent fewer than a year earlier. Of the total, 243 vessels were exported.

• EXPORT ORDERS: New orders fell 40 per cent to 3.5m. gross tons, according to the Japan Ship Exporters Association (JSEA). As a result, the export order book at end-December stood at 9m. gross tons for 493 vessels valued at Yen 818m. (\$7.5bn.). That compares with total annual cap-

acity in 1978 most builders expect to hold the wages line, but some are ready to ask their workers to take a temporary pay cut. At Sasebo, the request has already been turned down. At Hayashikane Shipbuilding, a smaller yard employing 2,400 workers, have accepted a pay cut of at least 10 per cent.

Rather than sack employees, big shipyards try to live them off to subsidiary or affiliated companies. Nippon Kokan has transferred 100 shipyard workers to its bigger steel division, and

is planning to farm out another 300 employees to affiliates. Kawasaki Heavy Industries got Izu, the car company, to take 200 redundant men, and will

transfer another 300. Mitsubishi has kept its transfers inside the group. So has Mitsubishi Shipbuilding.

Shipyards have not been taking on new employees for the past 18 months: the exception has been skilled labour and managers to work on new types of ocean-going vessels (including the floating factories).

• CANCELLATIONS: There has been a steady tide of ship cancellations, especially from Greek owners who could not negotiate revised contracts to avoid foreign exchange losses since the sharp rise of the yen. In December, export orders for 11 new ships worth yen 44bn. were to a great extent nullified by the cancellation of 11 ships worth yen 30bn.

• UTILISATION OF CAPACITIES: According to the SAJ, at its 23 member companies' shipyards this has fallen steadily since the recession in the world shipbuilding market dropped between now and early set in. From a peak in 1974, Kawasaki has announced capacity utilisation fell to 85 per cent in 1975, 75 per cent in 1976, and an estimated 57 per cent for fiscal 1977 (to end-February). Officials reckon on the basis of existing contracts that in fiscal 1978 the operating rate will drop to 27.5 per cent. Smaller yards, on their present order books, may fare worse and the top seven shipbuilders uniformly reckon they will do better.

• JOBS: Employment at SAJ yards has dropped steeply since 1974 when the big companies counted some 130,000 employees and had subcontracted of going to rapidly into building super tankers. At present the SAJ estimates that some 90,000 jobs have been lost, and that the figure yesterday.

Transport (MOT). So far MOT Eximbank, Policy in Tokyo has that shipbuilders are ready to charge for ship exports in yen—a policy that has cost the shipyards about 25 per cent of their price advantage over foreign builders. Some shipyards do conclude dollar contracts, but not when deferred payment is involved. Despite attempts to denominate some a clearer picture of how much

### JAPAN'S TOP SEVEN SHIPBUILDERS

(Classed by tonnage launchings in 1977)

|                             | No. of vessels | Gross tonnage | % tonnage |
|-----------------------------|----------------|---------------|-----------|
| Mitsubishi Heavy Industries | 81             | 1.4m.         | -50       |
| Hitachi Shipbuilding        | 31             | 1.2m.         | -4        |
| Ishikawajima-Harima         | 62             | 1.1m.         | -38.5     |
| Hoaki Industries            | 34             | 0.62m.        | -36       |
| Mitsui Shipbuilding         | 29             | 0.52m.        | -49.5     |
| Nippon Kokan                | 17             | 0.47m.        | -50       |
| Sumitomo Heavy Industries   | 15             | 0.38m.        | -33       |

Source: Shipbuilders' Association of Japan

contracts half in dollars, half in yen, little headway has been made: between April and December, according to the Japan Ship Exporters' Association (JSEA), 87 per cent of contracts were written in yen and 13 per cent in foreign currency (usually dollars). The dollar would immediately become the favoured currency if Eximbank credits became available to finance dollar contracts.

The first response, according to officials in the industry has been cool indeed. Tokyo is afraid that such a move might be interpreted as an attempt to pioneer the construction of undersea European and other floating hotels.

3. the extension of supplier credits to ship exports denominated in dollars (whereas present lending by the Eximbank is restricted to yen contracts which puts all the exchange risks on the shipyards); and

4. as subsidies for scrapping unused facilities.

The smaller yards understandably are angry with the Government. Unlike industries which come under the auspices of the Ministry for International Trade and Industry (MITI), the shipbuilders are beholden to the outlined by Mr. Shinto is the much less powerful Ministry of one for dollar credits from

contractors half in dollars, half in yen, little headway has been made: between April and December, according to the Japan Ship Exporters' Association (JSEA), 87 per cent of contracts were written in yen and 13 per cent in foreign currency (usually dollars). The dollar would immediately become the favoured currency if Eximbank credits became available to finance dollar contracts.

The first response, according to officials in the industry has been cool indeed. Tokyo is afraid that such a move might be interpreted as an attempt to pioneer the construction of undersea European and other floating hotels.

3. the extension of supplier credits to ship exports denominated in dollars (whereas present lending by the Eximbank is restricted to yen contracts which puts all the exchange risks on the shipyards); and

4. as subsidies for scrapping unused facilities.

The smaller yards understandably are angry with the Government. Unlike industries which come under the auspices of the Ministry for International Trade and Industry (MITI), the shipbuilders are beholden to the outlined by Mr. Shinto is the much less powerful Ministry of one for dollar credits from

contractors half in dollars, half in yen, little headway has been made: between April and December, according to the Japan Ship Exporters' Association (JSEA), 87 per cent of contracts were written in yen and 13 per cent in foreign currency (usually dollars). The dollar would immediately become the favoured currency if Eximbank credits became available to finance dollar contracts.

The first response, according to officials in the industry has been cool indeed. Tokyo is afraid that such a move might be interpreted as an attempt to pioneer the construction of undersea European and other floating hotels.

3. the extension of supplier credits to ship exports denominated in dollars (whereas present lending by the Eximbank is restricted to yen contracts which puts all the exchange risks on the shipyards); and

4. as subsidies for scrapping unused facilities.

The smaller yards understandably are angry with the Government. Unlike industries which come under the auspices of the Ministry for International Trade and Industry (MITI), the shipbuilders are beholden to the outlined by Mr. Shinto is the much less powerful Ministry of one for dollar credits from

contractors half in dollars, half in yen, little headway has been made: between April and December, according to the Japan Ship Exporters' Association (JSEA), 87 per cent of contracts were written in yen and 13 per cent in foreign currency (usually dollars). The dollar would immediately become the favoured currency if Eximbank credits became available to finance dollar contracts.

The first response, according to officials in the industry has been cool indeed. Tokyo is afraid that such a move might be interpreted as an attempt to pioneer the construction of undersea European and other floating hotels.

3. the extension of supplier credits to ship exports denominated in dollars (whereas present lending by the Eximbank is restricted to yen contracts which puts all the exchange risks on the shipyards); and

4. as subsidies for scrapping unused facilities.

The smaller yards understandably are angry with the Government. Unlike industries which come under the auspices of the Ministry for International Trade and Industry (MITI), the shipbuilders are beholden to the outlined by Mr. Shinto is the much less powerful Ministry of one for dollar credits from

contractors half in dollars, half in yen, little headway has been made: between April and December, according to the Japan Ship Exporters' Association (JSEA), 87 per cent of contracts were written in yen and 13 per cent in foreign currency (usually dollars). The dollar would immediately become the favoured currency if Eximbank credits became available to finance dollar contracts.

The first response, according to officials in the industry has been cool indeed. Tokyo is afraid that such a move might be interpreted as an attempt to pioneer the construction of undersea European and other floating hotels.

3. the extension of supplier credits to ship exports denominated in dollars (whereas present lending by the Eximbank is restricted to yen contracts which puts all the exchange risks on the shipyards); and

4. as subsidies for scrapping unused facilities.

The smaller yards understandably are angry with the Government. Unlike industries which come under the auspices of the Ministry for International Trade and Industry (MITI), the shipbuilders are beholden to the outlined by Mr. Shinto is the much less powerful Ministry of one for dollar credits from

contractors half in dollars, half in yen, little headway has been made: between April and December, according to the Japan Ship Exporters' Association (JSEA), 87 per cent of contracts were written in yen and 13 per cent in foreign currency (usually dollars). The dollar would immediately become the favoured currency if Eximbank credits became available to finance dollar contracts.

The first response, according to officials in the industry has been cool indeed. Tokyo is afraid that such a move might be interpreted as an attempt to pioneer the construction of undersea European and other floating hotels.

3. the extension of supplier credits to ship exports denominated in dollars (whereas present lending by the Eximbank is restricted to yen contracts which puts all the exchange risks on the shipyards); and

4. as subsidies for scrapping unused facilities.

The smaller yards understandably are angry with the Government. Unlike industries which come under the auspices of the Ministry for International Trade and Industry (MITI), the shipbuilders are beholden to the outlined by Mr. Shinto is the much less powerful Ministry of one for dollar credits from

contractors half in dollars, half in yen, little headway has been made: between April and December, according to the Japan Ship Exporters' Association (JSEA), 87 per cent of contracts were written in yen and 13 per cent in foreign currency (usually dollars). The dollar would immediately become the favoured currency if Eximbank credits became available to finance dollar contracts.

The first response, according to officials in the industry has been cool indeed. Tokyo is afraid that such a move might be interpreted as an attempt to pioneer the construction of undersea European and other floating hotels.

3. the extension of supplier credits to ship exports denominated in dollars (whereas present lending by the Eximbank is restricted to yen contracts which puts all the exchange risks on the shipyards); and

4. as subsidies for scrapping unused facilities.

The smaller yards understandably are angry with the Government. Unlike industries which come under the auspices of the Ministry for International Trade and Industry (MITI), the shipbuilders are beholden to the outlined by Mr. Shinto is the much less powerful Ministry of one for dollar credits from

contractors half in dollars, half in yen, little headway has been made: between April and December, according to the Japan Ship Exporters' Association (JSEA), 87 per cent of contracts were written in yen and 13 per cent in foreign currency (usually dollars). The dollar would immediately become the favoured currency if Eximbank credits became available to finance dollar contracts.

The first response, according to officials in the industry has been cool indeed. Tokyo is afraid that such a move might be interpreted as an attempt to pioneer the construction of undersea European and other floating hotels.

3. the extension of supplier credits to ship exports denominated in dollars (whereas present lending by the Eximbank is restricted to yen contracts which puts all the exchange risks on the shipyards); and

4. as subsidies for scrapping unused facilities.

The smaller yards understandably are angry with the Government. Unlike industries which come under the auspices of the Ministry for International Trade and Industry (MITI), the shipbuilders are beholden to the outlined by Mr. Shinto is the much less powerful Ministry of one for dollar credits from

contractors half in dollars, half in yen, little headway has been made: between April and December, according to the Japan Ship Exporters' Association (JSEA), 87 per cent of contracts were written in yen and 13 per cent in foreign currency (usually dollars). The dollar would immediately become the favoured currency if Eximbank credits became available to finance dollar contracts.

The first response, according to officials in the industry has been cool indeed. Tokyo is afraid that such a move might be interpreted as an attempt to pioneer the construction of undersea European and other floating hotels.

3. the extension of supplier credits to ship exports denominated in dollars (whereas present lending by the Eximbank is restricted to yen contracts which puts all the exchange risks on the shipyards); and

4. as subsidies for scrapping unused facilities.

The smaller yards understandably are angry with the Government. Unlike industries which come under the auspices of the Ministry for International Trade and Industry (MITI), the shipbuilders are beholden to the outlined by Mr. Shinto is the much less powerful Ministry of one for dollar credits from

contractors half in dollars, half in yen, little headway has been made: between April and December, according to the Japan Ship Exporters' Association (JSEA), 87 per cent of contracts were written in yen and 13 per cent in foreign currency (usually dollars). The dollar would immediately become the favoured currency if Eximbank credits became available to finance dollar contracts.

The first response, according to officials in the industry has been cool indeed. Tokyo is afraid that such a move might be interpreted as an attempt to pioneer the construction of undersea European and other floating hotels.

3. the extension of supplier credits to ship exports denominated in dollars (whereas present lending by the Exim



# COMPANY NEWS + COMMENT

## Second half slowdown trims Imps £1.2m.

WITH WEAK second-half trading conditions restraining profits in all divisions pre-tax profit of Imperial Group ended down from £130.3m. to £128.12m. in the year to October 31, 1977, despite half-time predictions of somewhat higher profits.

The tobacco division showed a decline in its trading surplus for the year from £81.7m. to £59.5m. while all other divisions increased earnings, with the paper, board, packaging and plastics division lifting 8.2 per cent from £3.9m. to £16.2m.

Directors say that falling consumer purchasing power at a time of pay restraint was the one factor which particularly influenced most divisional interests.

Total sales of the group climbed from £2.57bn. to £2.61bn. and investment income increased from £16.8m. to £20.5m.

At half-time profit was up from £65.4m. to £67.5m. before tax.

The trends of the second half-year have continued in the first three months of the latest year and trading results to date are lower than for the same period last year, but with group estimates, directors say.

They say that although there are prospects for an improvement in trading conditions in 1978 it is too early to forecast the outcome for the full year.

Capital investment for the latest year of £100m. has been provided for, with £30m. to be spent on its Berkshire brewery. Last year spending totalled £70.1m.

### Maximum dividend

A final dividend of 3.1p against 3.18p net per 25p share takes the total to a maximum permitted 5.68p (5.688p). The total dividend profit will be £89.97m. (£55.78m.).

Overseas sales in the year totalled £372.3m. (£334.2m.) and profits were down from £15.1m. to £13.7m. Exports from the U.K. amounted to £51.9m. (£37.8m.).

An analysis of overseas sales and profits shows Europe with £132.1m. (£117.7m.) of sales and profits of £8.9m. (£3.6m.), the U.S. £16.7m. (£16.7m.) and £1.5m. (£7.9m.), Canada £34.2m. (£21.1m.) and £2.4m. (£1.1m.), Australia £12m. (£16.4m.) and no profit (£20.3m.), and other areas £24.3m. (£25.4m.) and £2.2m. (£1.7m.).

For the first time more than half the group's trading profit came from non-tobacco interests, which contributed 33.8 per cent of the total.

Directors ascribe the fall in the tobacco division earnings to lower volume sales which reflected the changing pattern of trade and a smaller U.K. cigarette market. Intense price competition, particularly in the king size sector, also affected margins.

1977 1976

|                    |          |          |
|--------------------|----------|----------|
| Sales              | £1,162.3 | £1,111.1 |
| Tobacco            | £162.3   | £162.3   |
| Paper, board, etc. | £25.3    | £24.9    |
| Food               | £6.7     | £6.7     |
| Brewery            | £45.8    | £45.8    |
| Trading profit     | £7.6     | £12.1    |
| Tobacco            | £68.3    | £61.1    |
| Paper, etc.        | £1.1     | £1.1     |
| Food               | £2.4     | £3.5     |
| Brewers            | £1.1     | £1.1     |

In the paper, board, packaging and plastics division there was a good recovery from the depressed conditions of previous years, but the paper and board companies still suffered from the general weakness in the U.K. economy and board also suffered from heavy subsidies by foreign governments. Plastics interests performed

### INDEX TO COMPANY HIGHLIGHTS

| Company              | Page | Col. | Company             | Page | Col. |
|----------------------|------|------|---------------------|------|------|
| Beaumont Properties  | 18   | 6    | Mears Bros.         | 19   | 4    |
| Chieftain/Broadmount | 19   | 1    | Nat. Mutual Life    | 20   | 5    |
| Claverhouse Trust    | 20   | 6    | Provincial B. Soc.  | 20   | 5    |
| Compensation Terms   | 19   | 5    | Saville-Gordon (J.) | 18   | 3    |
| Dowty                | 19   | 3    | Tube HP sale        | 19   | 1    |
| Imperial Group       | 18   | 1    | ULS Marine          | 19   | 3    |
| Life Assn. of Scot.  | 20   | 6    | Unitech             | 18   | 4    |
|                      |      |      | Warner Estates      | 18   | 5    |

well, as did Mardon Packaging International, an associate company, which contributed significantly to the division's surplus.

Food results would have been better still but for the overall decline in food consumption in the U.K. The strengthening of sterling also adversely affected overseas results on translation. These operations account for 30 per cent of the division's total sales.

The cost of many raw materials and engineers' merchants, J. Saville Gordon Group, reports a drop in pre-tax profits from £451,836 to £202,033 for the half year to October 31, 1977, on lower turnover of £8.47m. compared with £12.32m. Tax taken £105,037 against £234,935.

The directors say that the stockholding interests continue to make satisfactory progress during the second half, but the metal trading and processing interests are still operating in a market adversely affected by a low level of demand.

The interim dividend is maintained at 0.4p net per 10p share. Last year's total was 1.454p and pre-tax profits came to a record £0.54m.

Members are told that the results in no way reflect the high level of activity and successful trading that took place during the period.

### Stock relief

The 1977 deferred tax charge includes £12.4m. for an amount of tobacco stock written for 1977 which may attract liability in 1978. This is a consequence of a reduction of the tobacco duty under the new tax system which became effective on January 1, 1978.

A balance sheet with the results shows short term borrowings ahead from £132.7m. to £190.1m., and directors say the rise was due to higher operating capital requirements, including required finance to finance further increases in tobacco duty.

For the first time more than half the group's trading profit came from non-tobacco interests, which contributed 33.8 per cent of the total.

Directors ascribe the fall in the tobacco division earnings to lower volume sales which reflected the changing pattern of trade and a smaller U.K. cigarette market. Intense price competition, particularly in the king size sector, also affected margins.

1977 1976

|                    |          |          |
|--------------------|----------|----------|
| Sales              | £1,162.3 | £1,111.1 |
| Tobacco            | £162.3   | £162.3   |
| Paper, board, etc. | £25.3    | £24.9    |
| Food               | £6.7     | £6.7     |
| Brewery            | £45.8    | £45.8    |
| Trading profit     | £7.6     | £12.1    |
| Tobacco            | £68.3    | £61.1    |
| Paper, etc.        | £1.1     | £1.1     |
| Food               | £2.4     | £3.5     |
| Brewers            | £1.1     | £1.1     |

In the paper, board, packaging and plastics division there was a good recovery from the depressed conditions of previous years, but the paper and board companies still suffered from the general weakness in the U.K. economy and board also suffered from heavy subsidies by foreign governments. Plastics interests performed

## Setback for Saville Gordon

stock loss. Stocks have been written down by more than £200,000 in the nine months to the end of January and all of this has been taken into first half figures which should mean that stock losses will be, at least, less severe in the second half. There is still no sign of any major recovery in steel demand but manufacturers' stocks of raw materials are at very low level and any quickening of demand may help prices. Elsewhere the engineering and merchanting division has slightly increased its profits in the first half (to around £200,000) but trading here is also generally flat and group full year profits may be only around £500,000 (£924,776). The shares at 18p yield almost 12 per cent, while the p/e on a full tax charge is 7.8.

## Unitech jumps 46% midterm

METAL MERCHANTS, processors and engineers' merchants, J. Saville Gordon Group, reports a drop in pre-tax profits from £451,836 to £202,033 for the half year to October 31, 1977, on lower turnover of £8.47m. compared with £12.32m. Tax taken £105,037 against £234,935.

The directors say that the stockholding interests continue to make satisfactory progress during the second half, but the metal trading and processing interests are still operating in a market adversely affected by a low level of demand.

The interim dividend is maintained at 0.4p net per 10p share. Last year's total was 1.454p and pre-tax profits came to a record £0.54m.

Members are told that the results in no way reflect the high level of activity and successful trading that took place during the period.

### Stock relief

The 1977 deferred tax charge includes £12.4m. for an amount of tobacco stock written for 1977 which may attract liability in 1978. This is a consequence of a reduction of the tobacco duty under the new tax system which became effective on January 1, 1978.

A balance sheet with the results shows short term borrowings ahead from £132.7m. to £190.1m., and directors say the rise was due to higher operating capital requirements, including required finance to finance further increases in tobacco duty.

For the first time more than half the group's trading profit came from non-tobacco interests, which contributed 33.8 per cent of the total.

Directors ascribe the fall in the tobacco division earnings to lower volume sales which reflected the changing pattern of trade and a smaller U.K. cigarette market. Intense price competition, particularly in the king size sector, also affected margins.

1977 1976

|                    |          |          |
|--------------------|----------|----------|
| Sales              | £1,162.3 | £1,111.1 |
| Tobacco            | £162.3   | £162.3   |
| Paper, board, etc. | £25.3    | £24.9    |
| Food               | £6.7     | £6.7     |
| Brewery            | £45.8    | £45.8    |
| Trading profit     | £7.6     | £12.1    |
| Tobacco            | £68.3    | £61.1    |
| Paper, etc.        | £1.1     | £1.1     |
| Food               | £2.4     | £3.5     |
| Brewers            | £1.1     | £1.1     |

In the paper, board, packaging and plastics division there was a good recovery from the depressed conditions of previous years, but the paper and board companies still suffered from the general weakness in the U.K. economy and board also suffered from heavy subsidies by foreign governments. Plastics interests performed



Terry Rat

Mr. John Pile, chairman of the Imperial Group—second half affected by weak trading conditions and this situation has continued in the current year.

### DIVIDENDS ANNOUNCED

|                        | Current payment | Corresponding payment for last year | Total last year |
|------------------------|-----------------|-------------------------------------|-----------------|
| Claverhouse Inv. Trust | 2.3             | March 8 3.2                         | 3.2             |
| Dowty Group            | 2.21            | March 31 1.98                       | 4.18            |
| Imperial Group         | 3.41            | March 4 3.32                        | 5.07            |
| Saville Gordon         | 0.4             | April 8 0.4                         | 1.45            |
| Unitech                | 1.45            | April 1 1.3                         | 3.61            |

Dividends shown pence per share net except where otherwise stated.

\* Equivalent after allowing for scrip issue. † On capital increased by rights and/or acquisition issues.

### Recovery seen by

#### Alcan (U.K.)

The 1978 outlook for Alcan (U.K.) is one of some recovery from the depressed levels of the second half of 1977, directors said yesterday. This recovery will be necessary to maintain the 1977 profit level.

Audited results showing an increase in pre-tax profit for 1977 from £10m. to £24.7m. were released yesterday. Unaudited figures and the 8.8p per share dividend were announced last month.

Directors say a £2m. capital expenditure programme for the modernisation and improved reliability of plant, particularly semi-fabricating plants, is underway.

Sales for the year were £228.9m. (£227.3m.) and earnings per 10p share are shown ahead from 7.8p to 32.8p, after attributable profit at £11.1m. (£2.6m.).

In addition the revaluation of properties held by U.K. trading companies showed a surplus of £1m. over cost. This surplus has not been written into the group's accounts.

Kyle and Carrick District Council is raising £1m. by the issue of 11 per cent bonds on or before February 2, 1978.

There are two variable rate bonds this week issue at par and due on February 3, 1982. Borough of Tamworth is raising £1m. and

Financial Times Wednesday February 8, 1978

### ISSUE NEWS AND COMMENT

## Epicure returns to the market

The prospectus is published today in connection with the £25,000 profit of Slea in the year to September 30, 1977, were £45,000. The reasons for the set-back were twofold. Painting and tarmac surfacing contracts were subject to high increases and recoverable under the terms of New Deferred Ordinary shares. Slea was owned by the Bresley family who will now control 65 per cent of the enlarged group following the acquisition of the new chairman, Mr. Reginald Bresley, who was chairman of Epicure, was also chairman of Slea.

Epicure was established in 1947 and carried on business as a hotel and restaurant group, including the famous A L'Ecu de France in London. In the summer of 1978 Slea bought control of Epicure from the rump of Sir Denis' Lawson's empire. The directors are forecasting a current year profit of £1.2m. per share.

The directors forecast that the current year profit will be £225,000. For the enlarged group, the directors are forecasting £250,000. Earnings per share will be 6.8p. They are also indicating a final dividend of 0.35p per share for the current year.

The shares rose rapidly on the news of the new gear box and in 1978 topped the market league with a dramatic jump of 45 per cent.

However, the gear box is nothing in practical terms and Epicure did not take up the option to buy the 35 per cent stake from Slea. Even so when the shares were suspended last November they still stood at 35p.

Slea, incorporated in 1964, is a holding company based in Lincolnshire with interests in paint contracting and manufacture, termite control, joinery, manufacture, property, investment and estate management.

After three years of losses Slea made a profit of £28.327 in the year to June 30, 1977. This small recovery was due to a general improvement in trading and the elimination of losses caused by the Empress Restaurant sold in July, 1976.

The directors forecast that the result for the year to next June

Prospects pages 10 and 11

## Yearlings rise to 8%



# “Sure, I need to take on extra people. Where do I find the money?”

## We'll give it to you.

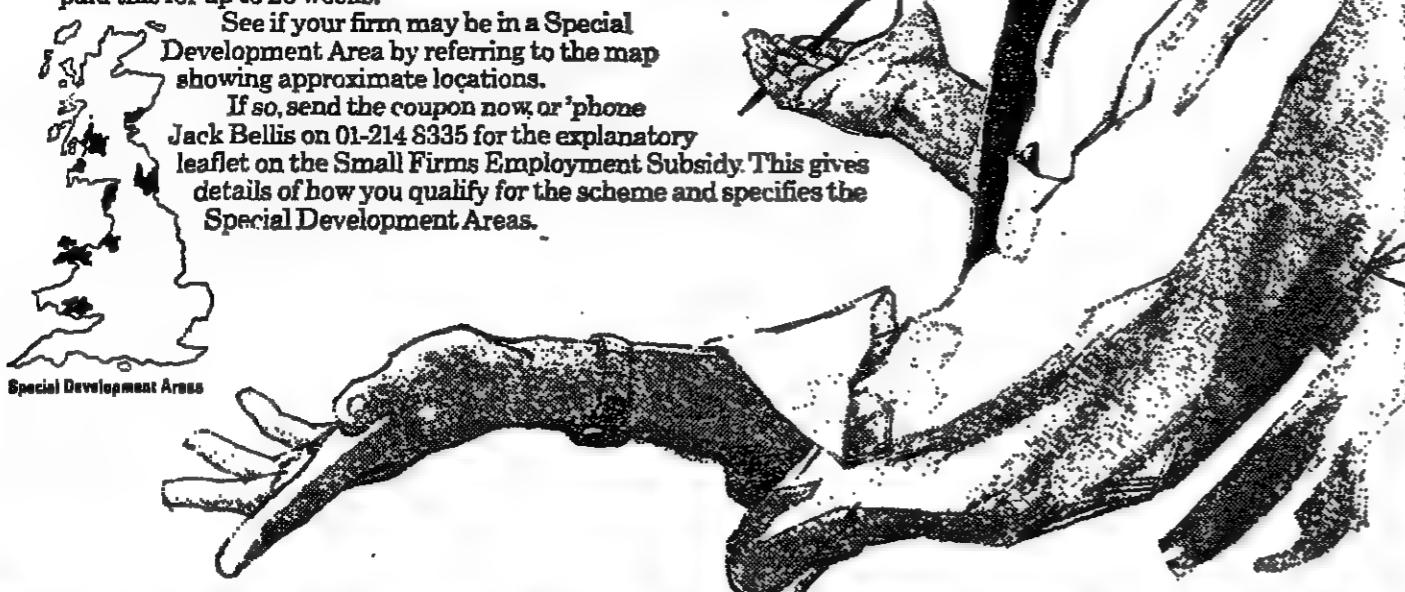
If on March 29th 1977 you employed under 50 people, then every extra person you take on in a Special Development Area could get you £20 a week subsidy.

If you own a private manufacturing company in a Special Development Area you may be entitled to financial help from the Government.

Under the Small Firms Employment Subsidy, you could be paid £20 a week for every extra person you employ full-time. And you could be paid this for up to 26 weeks.

See if your firm may be in a Special Development Area by referring to the map showing approximate locations.

If so, send the coupon now, or 'phone Jack Bellis on 01-214 8335 for the explanatory leaflet on the Small Firms Employment Subsidy. This gives details of how you qualify for the scheme and specifies the Special Development Areas.



## Small Firms Employment Subsidy

Department of Employment DE

Please send me details of the Small Firms Employment Subsidy Scheme, and the Special Development Areas.

Name \_\_\_\_\_

Post to: Jack Bellis, Small Firms Employment Subsidy, PO Box 702, London SW20 8SZ, or telephone him on 01-214 8335.

Company \_\_\_\_\_

Address \_\_\_\_\_

*This announcement appears as a matter of record only.*

## The Republic of Venezuela

U.S. \$178,000,000

Private placement of Promissory Notes, maturing 1980 to 1985, to finance the purchase of real estate by the Republic of Venezuela from Centro Simon Bolivar C.A., Caracas, Venezuela.

Managed and placed by

Bank of Credit and Commerce International S.A.  
BCCI Finance International Ltd.  
Credit and Finance Corporation Ltd.  
Kuwait International Finance Co. S.A.K. (KIFCO)

## Provincial assets up 26%: top £1bn.

ASSETS OF Provincial Building Society showed a record 26 per cent. growth from £82m. to £109m. in 1976, with reserves up £7m. at £35m., representing a ratio of more than 4 per cent.

Investment receipts, net of withdrawals, soared by more than 300 per cent. to £51m. (£45m.) with the number of new investment accounts jumping 37 per cent. from 107,000 to 146,000.

New mortgage lending was 14 per cent. higher at £276m. (£189m.) and the number of new mortgages rose from 20,600 to 22,500, including 9,200 (9,000) first-time purchasers, bringing the total number of mortgages outstanding to 147,000 (139,000). In addition £1,000 advances were made to existing borrowers to finance home improvements.

During the year the Society opened 15 branches raising the total to 172.

The Society's growth policy recognises the need to retain a higher proportion of stable investment. This is essential if it is to maintain lending at a level which reflects the public's increasing preference for owner occupation, says Mr. Dennis Howroyd, the chairman.

Later Mr. Alan Mason, general manager, said that with 500,000 surplus housing units, of which over 300,000 are owned by local authorities, Britain's housing problem has changed to one of housing management, location and distribution.

There is much more the building societies can do, if they were allowed by the Government, to give real assistance by helping speed inner city renewal schemes and by helping make these schemes largely self-financing.

He commented that if building society deposits were taxed in the same way as bank deposits then Provincial's deposit rate would only fall from 8.3 per cent. to 7.3 per cent. before tax. This would still be 2.5 times higher than the banks.

Capital and Retirement bonus rates are maintained at their 1977 levels.

Mr. J. M. Souness, general manager of the company, stated that this was the fourth consecutive annual bonus declaration where the bonus rates had been increased.

During the same period, the growth of the company's business had been above the market average in line with the policy to outstrip inflation.

These levels of growth and bonus declarations resulted from the high investment profits achieved in recent times and he looked forward to a buoyant life and pensions market in 1978 with the present growth rate to continue.

Capital and Retirement bonus rates are maintained at their 1977 levels.

Mr. J. M. Souness, general manager of the company, stated that this was the fourth consecutive annual bonus declaration where the bonus rates had been increased.

During the same period, the growth of the company's business had been above the market average in line with the policy to outstrip inflation.

These levels of growth and bonus declarations resulted from the high investment profits achieved in recent times and he looked forward to a buoyant life and pensions market in 1978 with the present growth rate to continue.

Capital and Retirement bonus rates are maintained at their 1977 levels.

Mr. J. M. Souness, general manager of the company, stated that this was the fourth consecutive annual bonus declaration where the bonus rates had been increased.

During the same period, the growth of the company's business had been above the market average in line with the policy to outstrip inflation.

These levels of growth and bonus declarations resulted from the high investment profits achieved in recent times and he looked forward to a buoyant life and pensions market in 1978 with the present growth rate to continue.

Capital and Retirement bonus rates are maintained at their 1977 levels.

Mr. J. M. Souness, general manager of the company, stated that this was the fourth consecutive annual bonus declaration where the bonus rates had been increased.

During the same period, the growth of the company's business had been above the market average in line with the policy to outstrip inflation.

These levels of growth and bonus declarations resulted from the high investment profits achieved in recent times and he looked forward to a buoyant life and pensions market in 1978 with the present growth rate to continue.

Capital and Retirement bonus rates are maintained at their 1977 levels.

Mr. J. M. Souness, general manager of the company, stated that this was the fourth consecutive annual bonus declaration where the bonus rates had been increased.

During the same period, the growth of the company's business had been above the market average in line with the policy to outstrip inflation.

These levels of growth and bonus declarations resulted from the high investment profits achieved in recent times and he looked forward to a buoyant life and pensions market in 1978 with the present growth rate to continue.

Capital and Retirement bonus rates are maintained at their 1977 levels.

Mr. J. M. Souness, general manager of the company, stated that this was the fourth consecutive annual bonus declaration where the bonus rates had been increased.

During the same period, the growth of the company's business had been above the market average in line with the policy to outstrip inflation.

These levels of growth and bonus declarations resulted from the high investment profits achieved in recent times and he looked forward to a buoyant life and pensions market in 1978 with the present growth rate to continue.

Capital and Retirement bonus rates are maintained at their 1977 levels.

Mr. J. M. Souness, general manager of the company, stated that this was the fourth consecutive annual bonus declaration where the bonus rates had been increased.

During the same period, the growth of the company's business had been above the market average in line with the policy to outstrip inflation.

These levels of growth and bonus declarations resulted from the high investment profits achieved in recent times and he looked forward to a buoyant life and pensions market in 1978 with the present growth rate to continue.

Capital and Retirement bonus rates are maintained at their 1977 levels.

Mr. J. M. Souness, general manager of the company, stated that this was the fourth consecutive annual bonus declaration where the bonus rates had been increased.

During the same period, the growth of the company's business had been above the market average in line with the policy to outstrip inflation.

These levels of growth and bonus declarations resulted from the high investment profits achieved in recent times and he looked forward to a buoyant life and pensions market in 1978 with the present growth rate to continue.

Capital and Retirement bonus rates are maintained at their 1977 levels.

Mr. J. M. Souness, general manager of the company, stated that this was the fourth consecutive annual bonus declaration where the bonus rates had been increased.

During the same period, the growth of the company's business had been above the market average in line with the policy to outstrip inflation.

These levels of growth and bonus declarations resulted from the high investment profits achieved in recent times and he looked forward to a buoyant life and pensions market in 1978 with the present growth rate to continue.

Capital and Retirement bonus rates are maintained at their 1977 levels.

Mr. J. M. Souness, general manager of the company, stated that this was the fourth consecutive annual bonus declaration where the bonus rates had been increased.

During the same period, the growth of the company's business had been above the market average in line with the policy to outstrip inflation.

These levels of growth and bonus declarations resulted from the high investment profits achieved in recent times and he looked forward to a buoyant life and pensions market in 1978 with the present growth rate to continue.

Capital and Retirement bonus rates are maintained at their 1977 levels.

Mr. J. M. Souness, general manager of the company, stated that this was the fourth consecutive annual bonus declaration where the bonus rates had been increased.

During the same period, the growth of the company's business had been above the market average in line with the policy to outstrip inflation.

These levels of growth and bonus declarations resulted from the high investment profits achieved in recent times and he looked forward to a buoyant life and pensions market in 1978 with the present growth rate to continue.

Capital and Retirement bonus rates are maintained at their 1977 levels.

Mr. J. M. Souness, general manager of the company, stated that this was the fourth consecutive annual bonus declaration where the bonus rates had been increased.

During the same period, the growth of the company's business had been above the market average in line with the policy to outstrip inflation.

These levels of growth and bonus declarations resulted from the high investment profits achieved in recent times and he looked forward to a buoyant life and pensions market in 1978 with the present growth rate to continue.

Capital and Retirement bonus rates are maintained at their 1977 levels.

Mr. J. M. Souness, general manager of the company, stated that this was the fourth consecutive annual bonus declaration where the bonus rates had been increased.

During the same period, the growth of the company's business had been above the market average in line with the policy to outstrip inflation.

These levels of growth and bonus declarations resulted from the high investment profits achieved in recent times and he looked forward to a buoyant life and pensions market in 1978 with the present growth rate to continue.

Capital and Retirement bonus rates are maintained at their 1977 levels.

Mr. J. M. Souness, general manager of the company, stated that this was the fourth consecutive annual bonus declaration where the bonus rates had been increased.

During the same period, the growth of the company's business had been above the market average in line with the policy to outstrip inflation.

These levels of growth and bonus declarations resulted from the high investment profits achieved in recent times and he looked forward to a buoyant life and pensions market in 1978 with the present growth rate to continue.

Capital and Retirement bonus rates are maintained at their 1977 levels.

Mr. J. M. Souness, general manager of the company, stated that this was the fourth consecutive annual bonus declaration where the bonus rates had been increased.

During the same period, the growth of the company's business had been above the market average in line with the policy to outstrip inflation.

These levels of growth and bonus declarations resulted from the high investment profits achieved in recent times and he looked forward to a buoyant life and pensions market in 1978 with the present growth rate to continue.

Capital and Retirement bonus rates are maintained at their 1977 levels.

Mr. J. M. Souness, general manager of the company, stated that this was the fourth consecutive annual bonus declaration where the bonus rates had been increased.

During the same period, the growth of the company's business had been above the market average in line with the policy to outstrip inflation.

These levels of growth and bonus declarations resulted from the high investment profits achieved in recent times and he looked forward to a buoyant life and pensions market in 1978 with the present growth rate to continue.

Capital and Retirement bonus rates are maintained at their 1977 levels.

Mr. J. M. Souness, general manager of the company, stated that this was the fourth consecutive annual bonus declaration where the bonus rates had been increased.

During the same period, the growth of the company's business had been above the market average in line with the policy to outstrip inflation.

These levels of growth and bonus declarations resulted from the high investment profits achieved in recent times and he looked forward to a buoyant life and pensions market in 1978 with the present growth rate to continue.

Capital and Retirement bonus rates are maintained at their 1977 levels.

Mr. J. M. Souness, general manager of the company, stated that this was the fourth consecutive annual bonus declaration where the bonus rates had been increased.

During the same period, the growth of the company's business had been above the market average in line with the policy to outstrip inflation.

These levels of growth and bonus declarations resulted from the high investment profits achieved in recent times and he looked forward to a buoyant life and pensions market in 1978 with the present growth rate to continue.

Capital and Retirement bonus rates are maintained at their 1977 levels.

Mr. J. M. Souness, general manager of the company, stated that this was the fourth consecutive annual bonus declaration where the bonus rates had been increased.

During the same period, the growth of the company's business had been above the market average in line with the policy to outstrip inflation.

These levels of growth and bonus declarations resulted from the high investment profits achieved in recent times and he looked forward to a buoyant life and pensions market in 1978 with the present growth rate to continue.

Capital and Retirement bonus rates are maintained at their 1977 levels.

Mr. J. M. Souness, general manager of the company, stated that this was the fourth consecutive annual bonus declaration where the bonus rates had been increased.

During the same period, the growth of the company's business had been above the market average in line with the policy to outstrip inflation.

These levels of growth and bonus declarations resulted from the high investment profits achieved in recent times and he looked forward to a buoyant life and pensions market in 1978 with the present growth rate to continue.

Capital and Retirement bonus rates are maintained at their 1977 levels.

Mr. J. M. Souness, general manager of the company, stated that this was the fourth consecutive annual bonus declaration where the bonus rates had been increased.

During the same period, the growth of the company's business had been above the market average in line with the policy to outstrip inflation.

These levels of growth and bonus declarations resulted from the high investment profits achieved in recent times and he looked forward to a buoyant life and pensions market in 1978 with the present growth rate to continue.

Capital and Retirement bonus rates are maintained at their 1977 levels.

Mr. J. M. Souness, general manager of the company, stated that this was the fourth consecutive annual bonus declaration where the bonus rates had been increased.

During the same period, the growth of the company's business had been above the market average in line with the policy to outstrip inflation.

These levels of growth and bonus declarations resulted from the high investment profits achieved in recent times and he looked forward to a buoyant life and pensions market in 1978 with the present growth rate to continue.

Capital and Retirement bonus rates are maintained at their 1977 levels.

Mr. J. M. Souness, general manager of the company, stated that this was the fourth consecutive annual bonus declaration where the bonus rates had been increased.

During the same period, the growth of the company's business had been above the market average in line with the policy to outstrip inflation.

These levels of growth

## BRAID GROUP

MOTOR VEHICLE DISTRIBUTORS

## Results at a glance

|                        | 1977   | 1976   |
|------------------------|--------|--------|
| Turnover               | £'000  | £'000  |
| Profit before taxation | 25,649 | 20,569 |
| Profit retained        | 906    | 613    |
| Earnings per share     | 345    | 190    |
| Dividend per share     | 6.99p  | 4.08p  |
| Dividend per share     | 1.38p  | 1.23p  |

\* Increased sales and market share.  
\* Increase in pre tax profits of 48%.

\* Maximum permitted dividend.

D. C. Bamford, CBE Chairman



BRAID GROUP

**FIDELITY PACIFIC FUND S.A.**  
INCORPORATED UNDER THE LAWS OF PANAMA

The Directors have declared a dividend of 17 cents (US 75c) per share the record date of which is January 31, 1978 payable February 15, 1978.

Holders of bearer shares should present Coupon No. 7 at the Head Office of the Bank of Bermuda Limited, Hamilton, Bermuda or Julius Baer International Limited, 38 Mincing Lane, London EC3 or Bank Julius Baer and Company Ltd., Bahnhofstrasse 36, Zurich, Switzerland or Kreidebank S.A., Luxembourg at 43 Boulevard Royal, Luxembourg.

Registered shareholders of record January 31, 1978 will have their dividend cheques mailed to their address.

Hamilton, Bermuda  
January 31, 1978

C. T. Collis, Secretary

FIDELITY  
AMERICAN ASSETS N.V.

INCORPORATED UNDER THE LAWS OF NETHERLANDS ANTILLES

The Directors have declared a dividend of 40 cents (US 15c) per share, the record date of which is February 1, 1978 payable February 15, 1978.

Holders of bearer shares should present coupon no. 2 at the head office of the Bank of Bermuda, Hamilton, Bermuda or Kredietbank S.A., Luxembourg at 43 Boulevard Royal, Luxembourg.

Registered shareholders of record February 1, 1978 will have their dividend cheques mailed to their address.

Hamilton, Bermuda  
February 1, 1978

C. T. Collis, Secretary

## MINING NEWS

## Copper price fall hits Bougainville profits

BY KENNETH MARSTON, MINING EDITOR

INEVITABLY, the weakness of the market for copper has made further rise in costs and depreciation its impact on 1977 earnings of the Rio Tinto-Zinc group's big Bougainville copper mine in Papua New Guinea. The net figure has dropped to Kina 23,53m. (US\$20.17m.) from Kina 37m. in 1976. A final dividend of 4.25c (2s6d) makes a year's total of 8s (2s6d) against 10s (2s8d) for 1976.

Year ended Dec. 31

| Revenue                              | 1977    | 1976    |
|--------------------------------------|---------|---------|
| Salaries, financing and depreciation | 124,232 | 124,665 |
| Royalties                            | 2,489   | 2,578   |
| Excise and other taxes               | 2,177   | 1,801   |
| Earnings before tax                  | 13,724  | 29,363  |
| Tax                                  | 2,621   | 41,368  |

Copper sales last year rose to 180,000 tonnes from 179,000 tonnes, but the average price of the metal in U.S. lb against 63.6 cents in 1976. Gold sales also increased, rising to 22,333 kilograms compared with 20,494 kgs in the previous year, while the average metal price rose to \$148 per ounce from \$123. Silver sales increased to 37,043 kgs from 40,665 kgs.

Overall sales revenue was only slightly less than in 1976, but the changed at 7s8p in London yesterday.

Bougainville shares were unslightly less than in 1976, but the changed at 7s8p in London yesterday.

While it was not expected that Bougainville would match its 1976 performance, the latest outlook for the current year is hardly encouraging as far as copper is concerned, with prices running well below the 1977 average.

However, a ray of hope comes with the news that Japanese buyers have returned to their level of contractual deliveries from Bougainville and have indicated that they will take some tonnes in 1978 which had been deferred in previous years.

And, of course, the higher bullion price will boost the mine's important revenue from gold production which, incidentally, exceeds that of South Africa's mines such as Blyvoor, St. Helena.

Shipments for domestic consumption in Peru amounted to 435,211 tons. This quantity includes 432,631 tons of pellets for Siderperu. Minipero handles the market of Hidro Peru's iron ore production as well as all Peruvian non-ferrous ores and metals in world markets.

A stake in the company of 58.8 per cent. is held by Cominco Plutolite of Australia which, in turn, is 72.8 per cent. owned by

ETZ.

PERU'S Minera Peru Comercial (Minipero) exported 621m. wet long tons of iron ore products from Hidro Peru's Marcona mine in 1977, compared with 453m. tons in 1976. Japan and South Korea were the principal destinations of exports, accounting for 41m. tons. A further 1.12m. tons were destined for the U.S., 327,932 tons for Eastern Europe, 371,943 tons for Western Europe, and 356,188 tons for Latin America.

Shipments for domestic consumption in Peru amounted to 435,211 tons. This quantity includes 432,631 tons of pellets for Siderperu. Minipero handles the market of Hidro Peru's iron

ore production as well as all Peruvian non-ferrous ores and metals in world markets.

Shipments for domestic consumption in Peru amounted to 435,211 tons. This quantity includes 432,631 tons of pellets for Siderperu. Minipero handles the market of Hidro Peru's iron

ore production as well as all Peruvian non-ferrous ores and metals in world markets.

Shipments for domestic consumption in Peru amounted to 435,211 tons. This quantity includes 432,631 tons of pellets for Siderperu. Minipero handles the market of Hidro Peru's iron

ore production as well as all Peruvian non-ferrous ores and metals in world markets.

Shipments for domestic consumption in Peru amounted to 435,211 tons. This quantity includes 432,631 tons of pellets for Siderperu. Minipero handles the market of Hidro Peru's iron

ore production as well as all Peruvian non-ferrous ores and metals in world markets.

Shipments for domestic consumption in Peru amounted to 435,211 tons. This quantity includes 432,631 tons of pellets for Siderperu. Minipero handles the market of Hidro Peru's iron

ore production as well as all Peruvian non-ferrous ores and metals in world markets.

Shipments for domestic consumption in Peru amounted to 435,211 tons. This quantity includes 432,631 tons of pellets for Siderperu. Minipero handles the market of Hidro Peru's iron

ore production as well as all Peruvian non-ferrous ores and metals in world markets.

Shipments for domestic consumption in Peru amounted to 435,211 tons. This quantity includes 432,631 tons of pellets for Siderperu. Minipero handles the market of Hidro Peru's iron

ore production as well as all Peruvian non-ferrous ores and metals in world markets.

Shipments for domestic consumption in Peru amounted to 435,211 tons. This quantity includes 432,631 tons of pellets for Siderperu. Minipero handles the market of Hidro Peru's iron

ore production as well as all Peruvian non-ferrous ores and metals in world markets.

Shipments for domestic consumption in Peru amounted to 435,211 tons. This quantity includes 432,631 tons of pellets for Siderperu. Minipero handles the market of Hidro Peru's iron

ore production as well as all Peruvian non-ferrous ores and metals in world markets.

Shipments for domestic consumption in Peru amounted to 435,211 tons. This quantity includes 432,631 tons of pellets for Siderperu. Minipero handles the market of Hidro Peru's iron

ore production as well as all Peruvian non-ferrous ores and metals in world markets.

Shipments for domestic consumption in Peru amounted to 435,211 tons. This quantity includes 432,631 tons of pellets for Siderperu. Minipero handles the market of Hidro Peru's iron

ore production as well as all Peruvian non-ferrous ores and metals in world markets.

Shipments for domestic consumption in Peru amounted to 435,211 tons. This quantity includes 432,631 tons of pellets for Siderperu. Minipero handles the market of Hidro Peru's iron

ore production as well as all Peruvian non-ferrous ores and metals in world markets.

Shipments for domestic consumption in Peru amounted to 435,211 tons. This quantity includes 432,631 tons of pellets for Siderperu. Minipero handles the market of Hidro Peru's iron

ore production as well as all Peruvian non-ferrous ores and metals in world markets.

Shipments for domestic consumption in Peru amounted to 435,211 tons. This quantity includes 432,631 tons of pellets for Siderperu. Minipero handles the market of Hidro Peru's iron

ore production as well as all Peruvian non-ferrous ores and metals in world markets.

Shipments for domestic consumption in Peru amounted to 435,211 tons. This quantity includes 432,631 tons of pellets for Siderperu. Minipero handles the market of Hidro Peru's iron

ore production as well as all Peruvian non-ferrous ores and metals in world markets.

Shipments for domestic consumption in Peru amounted to 435,211 tons. This quantity includes 432,631 tons of pellets for Siderperu. Minipero handles the market of Hidro Peru's iron

ore production as well as all Peruvian non-ferrous ores and metals in world markets.

Shipments for domestic consumption in Peru amounted to 435,211 tons. This quantity includes 432,631 tons of pellets for Siderperu. Minipero handles the market of Hidro Peru's iron

ore production as well as all Peruvian non-ferrous ores and metals in world markets.

Shipments for domestic consumption in Peru amounted to 435,211 tons. This quantity includes 432,631 tons of pellets for Siderperu. Minipero handles the market of Hidro Peru's iron

ore production as well as all Peruvian non-ferrous ores and metals in world markets.

Shipments for domestic consumption in Peru amounted to 435,211 tons. This quantity includes 432,631 tons of pellets for Siderperu. Minipero handles the market of Hidro Peru's iron

ore production as well as all Peruvian non-ferrous ores and metals in world markets.

Shipments for domestic consumption in Peru amounted to 435,211 tons. This quantity includes 432,631 tons of pellets for Siderperu. Minipero handles the market of Hidro Peru's iron

ore production as well as all Peruvian non-ferrous ores and metals in world markets.

Shipments for domestic consumption in Peru amounted to 435,211 tons. This quantity includes 432,631 tons of pellets for Siderperu. Minipero handles the market of Hidro Peru's iron

ore production as well as all Peruvian non-ferrous ores and metals in world markets.

Shipments for domestic consumption in Peru amounted to 435,211 tons. This quantity includes 432,631 tons of pellets for Siderperu. Minipero handles the market of Hidro Peru's iron

ore production as well as all Peruvian non-ferrous ores and metals in world markets.

Shipments for domestic consumption in Peru amounted to 435,211 tons. This quantity includes 432,631 tons of pellets for Siderperu. Minipero handles the market of Hidro Peru's iron

ore production as well as all Peruvian non-ferrous ores and metals in world markets.

Shipments for domestic consumption in Peru amounted to 435,211 tons. This quantity includes 432,631 tons of pellets for Siderperu. Minipero handles the market of Hidro Peru's iron

ore production as well as all Peruvian non-ferrous ores and metals in world markets.

Shipments for domestic consumption in Peru amounted to 435,211 tons. This quantity includes 432,631 tons of pellets for Siderperu. Minipero handles the market of Hidro Peru's iron

ore production as well as all Peruvian non-ferrous ores and metals in world markets.

Shipments for domestic consumption in Peru amounted to 435,211 tons. This quantity includes 432,631 tons of pellets for Siderperu. Minipero handles the market of Hidro Peru's iron

ore production as well as all Peruvian non-ferrous ores and metals in world markets.

Shipments for domestic consumption in Peru amounted to 435,211 tons. This quantity includes 432,631 tons of pellets for Siderperu. Minipero handles the market of Hidro Peru's iron

ore production as well as all Peruvian non-ferrous ores and metals in world markets.

Shipments for domestic consumption in Peru amounted to 435,211 tons. This quantity includes 432,631 tons of pellets for Siderperu. Minipero handles the market of Hidro Peru's iron

ore production as well as all Peruvian non-ferrous ores and metals in world markets.

Shipments for domestic consumption in Peru amounted to 435,211 tons. This quantity includes 432,631 tons of pellets for Siderperu. Minipero handles the market of Hidro Peru's iron

ore production as well as all Peruvian non-ferrous ores and metals in world markets.

Shipments for domestic consumption in Peru amounted to 435,211 tons. This quantity includes 432,631 tons of pellets for Siderperu. Minipero handles the market of Hidro Peru's iron

ore production as well as all Peruvian non-ferrous ores and metals in world markets.

Shipments for domestic consumption in Peru amounted to 435,211 tons. This quantity includes 432,631 tons of pellets for Siderperu. Minipero handles the market of Hidro Peru's iron

ore production as well as all Peruvian non-ferrous ores and metals in world markets.

Shipments for domestic consumption in Peru amounted to 435,211 tons. This quantity includes 432,631 tons of pellets for Siderperu. Minipero handles the market of Hidro Peru's iron

ore production as well as all Peruvian non-ferrous ores and metals in world markets.

Shipments for domestic consumption in Peru amounted to 435,211 tons. This quantity includes 432,631 tons of pellets for Siderperu. Minipero handles the market of Hidro Peru's iron

## INTERNATIONAL FINANCIAL AND COMPANY NEWS

## SCANDINAVIAN NEWS

## Slump in ASEA earnings

BY WILLIAM DULLFORCE

ASEA, THE Swedish heavy electrical engineering and nuclear power group, recorded an earnings slump of more than 36 per cent to Kr.351m. (\$84.1m.) in 1977 in spite of a 16 per cent growth in turnover to Kr.9.75bn. (\$2.03bn.). Currency losses accounted for over one-third of the decline and were particularly heavy on the parent company, whose pre-tax profit before extraordinary items plunged by 55 per cent, to Kr.185m., according to the preliminary figures issued to-day.

Group earnings after extraordinary items came out at Kr.11.5m. a share, against Kr.16.80 in 1976. After reducing sharply the transfer to the inventory reserve, ASEA shows a consolidated net profit of Kr.185m., compared with Kr.165m. in the previous year. The board recommends an unchanged dividend of Kr.85.5m. share, which will take effect on August 1.

Even if the controversy over Swedish nuclear power policy is resolved favourably for ASEA, a new order for nuclear plant can be expected this year. The Board foresees "cuts in the production apparatus" later this year.

Simultaneously with publication of the preliminary 1977 account, ASEA announced that it was paying just over Kr.34m. for the stock of Jungs Verk-

A sign of ASEA's continuing financial strength is the decline in net financial costs from dishwashers under the Cylindra name. The company has a turnover of Kr.125m. (\$26.9m.), of which about Kr.36m. comes from exports.

Against this must be weighed the drop in the order inflow, which was Kr.815m. last year, compared with Kr.555m. in 1976, and the fact that most group subsidiaries have not been able to use capacity satisfactorily. Earlier this year the management broke a long-standing employment tradition, when it opened negotiations with the unions about redundancies.

The ASEA Board, in effect, warns of a decline in sales and further earnings dip this year. Its European market is expected to remain weak, while within Sweden itself industrial investment and production will shrink again.

Even if the controversy over Swedish nuclear power policy is resolved favourably for ASEA, a new order for nuclear plant can be expected this year. The Board foresees "cuts in the production apparatus" later this year.

Simultaneously with publication of the preliminary 1977 account, ASEA announced that it was paying just over Kr.34m. for the stock of Jungs Verk-

STOCKHOLM, Feb. 7.

CHRISTIANIA BANK OG Kreditkasse, one of Norway's largest commercial banks, reports a 30 per cent rise in assets last year, to Kr.10.5bn. Net profits slipped to Kr.43.5m. (\$8.4m.) from Kr.58.9m. in 1976, reflecting increased interest costs and substantial loan write-offs (Kr.36m.). The net result was, however, more than adequate to allow payment of unchanged 11 per cent dividend, totalling Kr.33m. Equity capital rose from Kr.395m. at end-1976 to Kr.472m., chiefly through an increase in share capital of Kr.70m. to Kr.300m.

Meanwhile, in response to the Government's call for curbs on consumer credit, Norwegian banks have temporarily suspended the special borrowing privileges hitherto granted to customers with "wage accounts"—that is, those whose salaries are paid directly into a personal bank account. Until the weekend, such customers were entitled to borrow up to a month's wages without security and without the loan having to be approved by their bank managers.

HANDELSBANKEN lifts dividend

STOCKHOLM, Feb. 7.

SVENSKA Handelsbanken, the second of Sweden's two largest private banks to report preliminary results, increased its operating profit by per cent to Kr.582m. (\$12.2m.) in 1977. Last week, Skandinaviska Enskilda Banken reported a 30 per cent rise to Kr.6.10bn. (\$1.32bn.) from Kr.395m. at end-1976.

Handelsbanken's earnings on the consolidated account, which includes the subsidiary finance and property companies, grew by 12 per cent, to Kr.760m. (\$145.5m.).

Earnings per share are given as Kr.54 against Kr.50 in the previous year. The board proposes a dividend of Kr.16 for each Ordinary share, which after adjustment for last year's bonus issue compares with Kr.15.1 a share in 1976. It also proposes to pay Kr.625 a share on the newly issued index-linked shares, making a total dividend payment of Kr.82m. compared with Kr.52m. in the previous year.

HEAVIER LOSS seen for Alfa Romeo

ZURICH, Feb. 7.

GROUP TURNOVER of the Hoffmann-La Roche chemicals and pharmaceuticals concern should be of the order of \$2.5bn. (Sw.Fr.5.5bn., \$2.9bn.) for 1977, according to the management of parent company, F. Hoffmann-La Roche and Cie. AG, as reported in the Basle daily "Basler Zeitung". This would compare with sales of Sw.Fr.5.1bn. for the previous year.

Net profit of the Swiss parent undertaking is, however, expected to be below the 1976 level of Sw.Fr.72m., profitability having been adversely affected by the sharp further increase in the Swiss franc exchange rate. Losses of potential income caused by the monetary situation are expected to be at least double those for 1976.

Credit Suisse sued by IOS liquidators

THE ZURICH-based bank, Credit Suisse, has been sued for at least \$90m. by the liquidators (president: Jose Luis Boussel) of the former I.O.S. fund, International Investment Trust (IIT) in Finance and Jaime Crosby of the Central Reserve Bank of Luxembourg. A civil suit is to be heard by the Zurich Commercial Court. The fund's liquidators should be of the order of \$2.5bn. (Sw.Fr.5.5bn., \$2.9bn.) for 1977, according to the management of parent company, F. Hoffmann-La Roche and Cie. AG, as reported in the Basle daily "Basler Zeitung". This would compare with sales of Sw.Fr.5.1bn. for the previous year.

Net profit of the Swiss parent undertaking is, however, expected to be below the 1976 level of Sw.Fr.72m., profitability having been adversely affected by the sharp further increase in the Swiss franc exchange rate. Losses of potential income caused by the monetary situation are expected to be at least double those for 1976.

Credit Suisse sued by IOS liquidators

THE ZURICH-based bank, Credit Suisse, has been sued for at least \$90m. by the liquidators (president: Jose Luis Boussel) of the former I.O.S. fund, International Investment Trust (IIT) in Finance and Jaime Crosby of the Central Reserve Bank of Luxembourg. A civil suit is to be heard by the Zurich Commercial Court. The fund's liquidators should be of the order of \$2.5bn. (Sw.Fr.5.5bn., \$2.9bn.) for 1977, according to the management of parent company, F. Hoffmann-La Roche and Cie. AG, as reported in the Basle daily "Basler Zeitung". This would compare with sales of Sw.Fr.5.1bn. for the previous year.

Credit Suisse sued by IOS liquidators

THE ZURICH-based bank, Credit Suisse, has been sued for at least \$90m. by the liquidators (president: Jose Luis Boussel) of the former I.O.S. fund, International Investment Trust (IIT) in Finance and Jaime Crosby of the Central Reserve Bank of Luxembourg. A civil suit is to be heard by the Zurich Commercial Court. The fund's liquidators should be of the order of \$2.5bn. (Sw.Fr.5.5bn., \$2.9bn.) for 1977, according to the management of parent company, F. Hoffmann-La Roche and Cie. AG, as reported in the Basle daily "Basler Zeitung". This would compare with sales of Sw.Fr.5.1bn. for the previous year.

Credit Suisse sued by IOS liquidators

THE ZURICH-based bank, Credit Suisse, has been sued for at least \$90m. by the liquidators (president: Jose Luis Boussel) of the former I.O.S. fund, International Investment Trust (IIT) in Finance and Jaime Crosby of the Central Reserve Bank of Luxembourg. A civil suit is to be heard by the Zurich Commercial Court. The fund's liquidators should be of the order of \$2.5bn. (Sw.Fr.5.5bn., \$2.9bn.) for 1977, according to the management of parent company, F. Hoffmann-La Roche and Cie. AG, as reported in the Basle daily "Basler Zeitung". This would compare with sales of Sw.Fr.5.1bn. for the previous year.

Credit Suisse sued by IOS liquidators

THE ZURICH-based bank, Credit Suisse, has been sued for at least \$90m. by the liquidators (president: Jose Luis Boussel) of the former I.O.S. fund, International Investment Trust (IIT) in Finance and Jaime Crosby of the Central Reserve Bank of Luxembourg. A civil suit is to be heard by the Zurich Commercial Court. The fund's liquidators should be of the order of \$2.5bn. (Sw.Fr.5.5bn., \$2.9bn.) for 1977, according to the management of parent company, F. Hoffmann-La Roche and Cie. AG, as reported in the Basle daily "Basler Zeitung". This would compare with sales of Sw.Fr.5.1bn. for the previous year.

Credit Suisse sued by IOS liquidators

THE ZURICH-based bank, Credit Suisse, has been sued for at least \$90m. by the liquidators (president: Jose Luis Boussel) of the former I.O.S. fund, International Investment Trust (IIT) in Finance and Jaime Crosby of the Central Reserve Bank of Luxembourg. A civil suit is to be heard by the Zurich Commercial Court. The fund's liquidators should be of the order of \$2.5bn. (Sw.Fr.5.5bn., \$2.9bn.) for 1977, according to the management of parent company, F. Hoffmann-La Roche and Cie. AG, as reported in the Basle daily "Basler Zeitung". This would compare with sales of Sw.Fr.5.1bn. for the previous year.

Credit Suisse sued by IOS liquidators

THE ZURICH-based bank, Credit Suisse, has been sued for at least \$90m. by the liquidators (president: Jose Luis Boussel) of the former I.O.S. fund, International Investment Trust (IIT) in Finance and Jaime Crosby of the Central Reserve Bank of Luxembourg. A civil suit is to be heard by the Zurich Commercial Court. The fund's liquidators should be of the order of \$2.5bn. (Sw.Fr.5.5bn., \$2.9bn.) for 1977, according to the management of parent company, F. Hoffmann-La Roche and Cie. AG, as reported in the Basle daily "Basler Zeitung". This would compare with sales of Sw.Fr.5.1bn. for the previous year.

Credit Suisse sued by IOS liquidators

THE ZURICH-based bank, Credit Suisse, has been sued for at least \$90m. by the liquidators (president: Jose Luis Boussel) of the former I.O.S. fund, International Investment Trust (IIT) in Finance and Jaime Crosby of the Central Reserve Bank of Luxembourg. A civil suit is to be heard by the Zurich Commercial Court. The fund's liquidators should be of the order of \$2.5bn. (Sw.Fr.5.5bn., \$2.9bn.) for 1977, according to the management of parent company, F. Hoffmann-La Roche and Cie. AG, as reported in the Basle daily "Basler Zeitung". This would compare with sales of Sw.Fr.5.1bn. for the previous year.

Credit Suisse sued by IOS liquidators

THE ZURICH-based bank, Credit Suisse, has been sued for at least \$90m. by the liquidators (president: Jose Luis Boussel) of the former I.O.S. fund, International Investment Trust (IIT) in Finance and Jaime Crosby of the Central Reserve Bank of Luxembourg. A civil suit is to be heard by the Zurich Commercial Court. The fund's liquidators should be of the order of \$2.5bn. (Sw.Fr.5.5bn., \$2.9bn.) for 1977, according to the management of parent company, F. Hoffmann-La Roche and Cie. AG, as reported in the Basle daily "Basler Zeitung". This would compare with sales of Sw.Fr.5.1bn. for the previous year.

Credit Suisse sued by IOS liquidators

THE ZURICH-based bank, Credit Suisse, has been sued for at least \$90m. by the liquidators (president: Jose Luis Boussel) of the former I.O.S. fund, International Investment Trust (IIT) in Finance and Jaime Crosby of the Central Reserve Bank of Luxembourg. A civil suit is to be heard by the Zurich Commercial Court. The fund's liquidators should be of the order of \$2.5bn. (Sw.Fr.5.5bn., \$2.9bn.) for 1977, according to the management of parent company, F. Hoffmann-La Roche and Cie. AG, as reported in the Basle daily "Basler Zeitung". This would compare with sales of Sw.Fr.5.1bn. for the previous year.

Credit Suisse sued by IOS liquidators

THE ZURICH-based bank, Credit Suisse, has been sued for at least \$90m. by the liquidators (president: Jose Luis Boussel) of the former I.O.S. fund, International Investment Trust (IIT) in Finance and Jaime Crosby of the Central Reserve Bank of Luxembourg. A civil suit is to be heard by the Zurich Commercial Court. The fund's liquidators should be of the order of \$2.5bn. (Sw.Fr.5.5bn., \$2.9bn.) for 1977, according to the management of parent company, F. Hoffmann-La Roche and Cie. AG, as reported in the Basle daily "Basler Zeitung". This would compare with sales of Sw.Fr.5.1bn. for the previous year.

Credit Suisse sued by IOS liquidators

THE ZURICH-based bank, Credit Suisse, has been sued for at least \$90m. by the liquidators (president: Jose Luis Boussel) of the former I.O.S. fund, International Investment Trust (IIT) in Finance and Jaime Crosby of the Central Reserve Bank of Luxembourg. A civil suit is to be heard by the Zurich Commercial Court. The fund's liquidators should be of the order of \$2.5bn. (Sw.Fr.5.5bn., \$2.9bn.) for 1977, according to the management of parent company, F. Hoffmann-La Roche and Cie. AG, as reported in the Basle daily "Basler Zeitung". This would compare with sales of Sw.Fr.5.1bn. for the previous year.

Credit Suisse sued by IOS liquidators

THE ZURICH-based bank, Credit Suisse, has been sued for at least \$90m. by the liquidators (president: Jose Luis Boussel) of the former I.O.S. fund, International Investment Trust (IIT) in Finance and Jaime Crosby of the Central Reserve Bank of Luxembourg. A civil suit is to be heard by the Zurich Commercial Court. The fund's liquidators should be of the order of \$2.5bn. (Sw.Fr.5.5bn., \$2.9bn.) for 1977, according to the management of parent company, F. Hoffmann-La Roche and Cie. AG, as reported in the Basle daily "Basler Zeitung". This would compare with sales of Sw.Fr.5.1bn. for the previous year.

Credit Suisse sued by IOS liquidators

THE ZURICH-based bank, Credit Suisse, has been sued for at least \$90m. by the liquidators (president: Jose Luis Boussel) of the former I.O.S. fund, International Investment Trust (IIT) in Finance and Jaime Crosby of the Central Reserve Bank of Luxembourg. A civil suit is to be heard by the Zurich Commercial Court. The fund's liquidators should be of the order of \$2.5bn. (Sw.Fr.5.5bn., \$2.9bn.) for 1977, according to the management of parent company, F. Hoffmann-La Roche and Cie. AG, as reported in the Basle daily "Basler Zeitung". This would compare with sales of Sw.Fr.5.1bn. for the previous year.

Credit Suisse sued by IOS liquidators

THE ZURICH-based bank, Credit Suisse, has been sued for at least \$90m. by the liquidators (president: Jose Luis Boussel) of the former I.O.S. fund, International Investment Trust (IIT) in Finance and Jaime Crosby of the Central Reserve Bank of Luxembourg. A civil suit is to be heard by the Zurich Commercial Court. The fund's liquidators should be of the order of \$2.5bn. (Sw.Fr.5.5bn., \$2.9bn.) for 1977, according to the management of parent company, F. Hoffmann-La Roche and Cie. AG, as reported in the Basle daily "Basler Zeitung". This would compare with sales of Sw.Fr.5.1bn. for the previous year.

Credit Suisse sued by IOS liquidators

THE ZURICH-based bank, Credit Suisse, has been sued for at least \$90m. by the liquidators (president: Jose Luis Boussel) of the former I.O.S. fund, International Investment Trust (IIT) in Finance and Jaime Crosby of the Central Reserve Bank of Luxembourg. A civil suit is to be heard by the Zurich Commercial Court. The fund's liquidators should be of the order of \$2.5bn. (Sw.Fr.5.5bn., \$2.9bn.) for 1977, according to the management of parent company, F. Hoffmann-La Roche and Cie. AG, as reported in the Basle daily "Basler Zeitung". This would compare with sales of Sw.Fr.5.1bn. for the previous year.

Credit Suisse sued by IOS liquidators

THE ZURICH-based bank, Credit Suisse, has been sued for at least \$90m. by the liquidators (president: Jose Luis Boussel) of the former I.O.S. fund, International Investment Trust (IIT) in Finance and Jaime Crosby of the Central Reserve Bank of Luxembourg. A civil suit is to be heard by the Zurich Commercial Court. The fund's liquidators should be of the order of \$2.5bn. (Sw.Fr.5.5bn., \$2.9bn.) for 1977, according to the management of parent company, F. Hoffmann-La Roche and Cie. AG, as reported in the Basle daily "Basler Zeitung". This would compare with sales of Sw.Fr.5.1bn. for the previous year.

Credit Suisse sued by IOS liquidators

THE ZURICH-based bank, Credit Suisse, has been sued for at least \$90m. by the liquidators (president: Jose Luis Boussel) of the former I.O.S. fund, International Investment Trust (IIT) in Finance and Jaime Crosby of the Central Reserve Bank of Luxembourg. A civil suit is to be heard by the Zurich Commercial Court. The fund's liquidators should be of the order of \$2.5bn. (Sw.Fr.5.5bn., \$2.9bn.) for 1977, according to the management of parent company, F. Hoffmann-La Roche and Cie. AG, as reported in the Basle daily "Basler Zeitung". This would compare with sales of Sw.Fr.5.1bn. for the previous year.

Credit Suisse sued by IOS liquidators

THE ZURICH-based bank, Credit Suisse, has been sued for at least \$90m. by the liquidators (president: Jose Luis Boussel) of the former I.O.S. fund, International Investment Trust (IIT) in Finance and Jaime Crosby of the Central Reserve Bank of Luxembourg. A civil suit is to be heard by the Zurich Commercial Court. The fund's liquidators should be of the order of \$2.5bn. (Sw.Fr.5.5bn., \$2.9bn.) for 1977, according to the management of parent company, F. Hoffmann-La Roche and Cie. AG, as reported in the Basle daily "Basler Zeitung". This would compare with sales of Sw.Fr.5.1bn. for the previous year.

Credit Suisse sued by IOS liquidators

THE ZURICH-based bank, Credit Suisse, has been sued for at least \$90m. by the liquidators (president: Jose Luis Boussel) of the former I.O.S. fund, International Investment Trust (IIT) in Finance and Jaime Crosby of the Central Reserve Bank of Luxembourg. A civil suit is to be heard by the Zurich Commercial Court. The fund's liquidators should be of the order of \$2.5bn. (Sw.Fr.5.5bn., \$2.9bn.) for 1977, according to the management of parent company, F. Hoffmann-La Roche and Cie. AG, as reported in the Basle daily "Basler Zeitung". This would compare with sales of Sw.Fr.5.1bn. for the previous year.

Credit Suisse sued by IOS liquidators

THE ZURICH-based bank, Credit Suisse, has been sued for at least \$90m. by the liquidators (president: Jose Luis Boussel) of the former I.O.S. fund, International Investment Trust (IIT) in Finance and Jaime Crosby of the Central Reserve Bank of Luxembourg. A civil suit is to be heard by the Zurich Commercial Court. The fund's liquidators should be of the order of \$2.5bn. (Sw.Fr.5.5bn., \$2.9bn.) for 1977, according to the management of parent company, F. Hoffmann-La Roche and Cie. AG, as reported in the Basle daily "Basler Zeitung". This would compare with sales of Sw.Fr.5.1bn. for the previous year.

Credit Suisse sued by IOS liquidators

THE ZURICH-based bank, Credit Suisse, has been sued for at least \$90m. by the liquidators (president: Jose Luis Boussel) of the former I.O.S. fund, International Investment Trust (IIT) in Finance and Jaime Crosby of the Central Reserve Bank of Luxembourg. A civil suit is to be heard by the Zurich Commercial Court. The fund's liquidators should be of the order of \$2.5bn. (Sw.Fr.5.5bn., \$2.9bn.) for 1977, according to the management of parent company, F. Hoffmann-La Roche and Cie. AG, as reported in the Basle daily "Basler Zeitung". This would compare with sales of Sw.Fr.5.1bn. for the previous year.

Credit Suisse sued by IOS liquidators

THE ZURICH-based bank, Credit Suisse



## WALL STREET + OVERSEAS MARKETS

## Index rallies 10 on company results

BY OUR WALL STREET CORRESPONDENT

TRADE ON Wall Street was then, also on improved results, again severely restricted by the rise in SIT.

heavy snow storm which took Zapata put on 1 to 8241 the hold of New York yesterday, capping expects fiscal 1973 to be. However, after a delayed start of "significantly better" than fiscal one hour, stocks staged a good 1973.

General Motors advanced 11, to 8381, benefiting from sharply rally, helped by some favourable reports.

The Dow Jones Industrial had higher earnings, while Johnson & Johnson gained 11 to 8301, also.

Average recovered 10.23 to 778.53, and the NYSE All Common Index on a rise in profits.

Value Index moved up 0.74 more to 412, trading volume came to 14.73 shares, still abnormally low although an improvement on the 14.64 total for yesterday when the market closed two hours earlier than usual because of the blizzard.

Also helping the market was news that a tentative agreement had been reached between the United Mine Workers and mine operators to end the nine-week coal strike.

Stocks rose 1, more to 8461, still on the dividend increase, while Boeing, in further response to the results, added 1 at 8291. Mar-

TUESDAY'S ACTIVE STOCKS

Canadian Stock Markets closed with a further fall yesterday, following 2.1% gains. The Composite Index gained 1.1 to 1,410.12, while Oils and Gas put on 5.5 to 1,359.5. Banks 0.74, and Metals and Minerals 0.7 to 1,232.2 and Papers 1.6 to 84.81.

Cominco gained 1 to 8271 on higher annual earnings and Norsk Hydro Well Service put on 1 to 8244 after raising the dividend.

PARIS—Shares recovered some

of the recently lost ground, helped by the franc's stronger performance on the Foreign Exchange market.

Banks, Electricals and Stores showed the most substantial gains. Elsewhere, Sacilor, particularly weak on Monday, moved up the day's limit.

Afrique Occidentale advanced 7.5 to Frs. 290.0, Pernod-Ricard 9 to Frs. 188, Peugeot-Citroen 8.7 to Frs. 251.2, and Bouygues 12 to Frs. 342.

BRLSSES—Local shares moved up in a moderate

business.

Petrofins picked up 23 to Frs. 1,885, while Arbed put on 60 to B.Frs. 2,100 and Sofina 40 to B.Frs. 2,094, but EBES receded 30 to B.Frs. 2,410, and Banques Brussels Lambert 18 to B.Frs. 1,426.

AMSTERDAM—A firm tone prevailed in light trading.

Best gains occurred in Transports, Van Ommen adding Fls. 5.50, Nedlloyd Fls. 2.40, KLM Fls. 1.70, and KNM Fls. 1.10.

Elsewhere, OCF Grienden rose Fls. 1.20, Algemene Bank Fls. 1.30, and Lanx Bearer Fls. 1.20, but State Loans were marginally lower.

GERMANY—Price movements were narrowly mixed following a very quiet trading session, brought forward by one hour due to the Shrove-Tuesday holiday.

Mannesmann and BBC were up each by DM 12.00 in former Steels and Electricals. However, easier

Stores had Karstadt DM 7.5 down to DM 297.5.

Public Authority Bonds rose afresh by up to 20 pfennigs, and the Regulating Authorities sold a nominal DM 15m. of paper (DM 15m.). Mark Foreign Loans remained steady.

MILAN—Stocks generally moved further ahead in fairly active trading, marked by strong demand.

Sini Viscosa, up 41 at L350, and Liquigas Group shares led industrials higher. ANIC advanced 7.7 to L155 in Chemicals.

Of the two Montedison issues, Montedison/Gemina gained 3.6 per cent, but the non-Gemina share fell 1.8 per cent, following announcement of the forthcoming unification of the two share quotes.

Montefibre and Immobiliare retreated against the trend.

Bonds were little changed.

SPAIN—Andemic trading continued, with stocks ending a shade easier for choice and leaving the General Index 0.28 lower at 93.31. SEAT were marked down 4 points to 75 after being overvalued, while Gruas Pintorres declined 9.1, but El Alguacil was a bright spot, closing 1 at 88.

SWITZERLAND—Market recovered a predominance of losses.

Among Banks, Credit Suisse declined 20 to Sw.Frs. 2,435, while Financials had Forbo and Pirelli lower, but Elektrowatt added 20 to Sw.Frs. 1,820 and Interfood "B" to

Sw.Frs. 3,350.

AMSTERDAM—A firm tone

prevailed in light trading.

Best gains occurred in Transports, Van Ommen adding Fls. 5.50, Nedlloyd Fls. 2.40, KLM Fls. 1.70, and KNM Fls. 1.10.

Elsewhere, OCF Grienden rose Fls. 1.20, Algemene Bank Fls. 1.30, and Lanx Bearer Fls. 1.20, but State Loans were marginally lower.

GERMANY—Price movements were narrowly mixed following a very quiet trading session, brought forward by one hour due to the Shrove-Tuesday holiday.

Mannesmann and BBC were up each by DM 12.00 in former Steels and Electricals. However, easier

Stores had Karstadt DM 7.5 down to DM 297.5.

Public Authority Bonds rose afresh by up to 20 pfennigs, and the Regulating Authorities sold a nominal DM 15m. of paper (DM 15m.). Mark Foreign Loans remained steady.

MILAN—Stocks generally moved

further ahead in fairly active trading, marked by strong demand.

Sini Viscosa, up 41 at L350, and Liquigas Group shares led industrials higher. ANIC advanced 7.7 to L155 in Chemicals.

Of the two Montedison issues,

Montedison/Gemina gained 3.6 per cent, but the non-Gemina share fell 1.8 per cent, following announcement of the forthcoming unification of the two share quotes.

Montefibre and Immobiliare retreated against the trend.

Bonds were little changed.

SPAIN—Andemic trading continued, with stocks ending a shade easier for choice and leaving the General Index 0.28 lower at 93.31. SEAT were marked down 4 points to 75 after being overvalued, while Gruas Pintorres declined 9.1, but El Alguacil was a bright spot, closing 1 at 88.

SWITZERLAND—Market recovered a predominance of losses.

Among Banks, Credit Suisse

declined 20 to Sw.Frs. 2,435, while Financials had Forbo and Pirelli lower, but Elektrowatt added 20 to Sw.Frs. 1,820 and Interfood "B" to

Sw.Frs. 3,350.

AMSTERDAM—A firm tone

prevailed in light trading.

Best gains occurred in Transports, Van Ommen adding Fls. 5.50, Nedlloyd Fls. 2.40, KLM Fls. 1.70, and KNM Fls. 1.10.

Elsewhere, OCF Grienden rose Fls. 1.20, Algemene Bank Fls. 1.30, and Lanx Bearer Fls. 1.20, but State Loans were marginally lower.

GERMANY—Price movements were narrowly mixed following a very quiet trading session, brought forward by one hour due to the Shrove-Tuesday holiday.

Mannesmann and BBC were up each by DM 12.00 in former Steels and Electricals. However, easier

Stores had Karstadt DM 7.5 down to DM 297.5.

Public Authority Bonds rose afresh by up to 20 pfennigs, and the Regulating Authorities sold a nominal DM 15m. of paper (DM 15m.). Mark Foreign Loans remained steady.

MILAN—Stocks generally moved

further ahead in fairly active trading, marked by strong demand.

Sini Viscosa, up 41 at L350, and Liquigas Group shares led industrials higher. ANIC advanced 7.7 to L155 in Chemicals.

Of the two Montedison issues,

Montedison/Gemina gained 3.6 per cent, but the non-Gemina share fell 1.8 per cent, following announcement of the forthcoming unification of the two share quotes.

Montefibre and Immobiliare retreated against the trend.

Bonds were little changed.

SPAIN—Andemic trading continued, with stocks ending a shade easier for choice and leaving the General Index 0.28 lower at 93.31. SEAT were marked down 4 points to 75 after being overvalued, while Gruas Pintorres declined 9.1, but El Alguacil was a bright spot, closing 1 at 88.

SWITZERLAND—Market recovered a predominance of losses.

Among Banks, Credit Suisse

declined 20 to Sw.Frs. 2,435, while Financials had Forbo and Pirelli lower, but Elektrowatt added 20 to Sw.Frs. 1,820 and Interfood "B" to

Sw.Frs. 3,350.

AMSTERDAM—A firm tone

prevailed in light trading.

Best gains occurred in Transports, Van Ommen adding Fls. 5.50, Nedlloyd Fls. 2.40, KLM Fls. 1.70, and KNM Fls. 1.10.

Elsewhere, OCF Grienden rose Fls. 1.20, Algemene Bank Fls. 1.30, and Lanx Bearer Fls. 1.20, but State Loans were marginally lower.

GERMANY—Price movements were narrowly mixed following a very quiet trading session, brought forward by one hour due to the Shrove-Tuesday holiday.

Mannesmann and BBC were up each by DM 12.00 in former Steels and Electricals. However, easier

Stores had Karstadt DM 7.5 down to DM 297.5.

Public Authority Bonds rose afresh by up to 20 pfennigs, and the Regulating Authorities sold a nominal DM 15m. of paper (DM 15m.). Mark Foreign Loans remained steady.

MILAN—Stocks generally moved

further ahead in fairly active trading, marked by strong demand.

Sini Viscosa, up 41 at L350, and Liquigas Group shares led industrials higher. ANIC advanced 7.7 to L155 in Chemicals.

Of the two Montedison issues,

Montedison/Gemina gained 3.6 per cent, but the non-Gemina share fell 1.8 per cent, following announcement of the forthcoming unification of the two share quotes.

Montefibre and Immobiliare retreated against the trend.

Bonds were little changed.

SPAIN—Andemic trading continued, with stocks ending a shade easier for choice and leaving the General Index 0.28 lower at 93.31. SEAT were marked down 4 points to 75 after being overvalued, while Gruas Pintorres declined 9.1, but El Alguacil was a bright spot, closing 1 at 88.

SWITZERLAND—Market recovered a predominance of losses.

Among Banks, Credit Suisse

declined 20 to Sw.Frs. 2,435, while Financials had Forbo and Pirelli lower, but Elektrowatt added 20 to Sw.Frs. 1,820 and Interfood "B" to

Sw.Frs. 3,350.

AMSTERDAM—A firm tone

prevailed in light trading.

Best gains occurred in Transports, Van Ommen adding Fls. 5.50, Nedlloyd Fls. 2.40, KLM Fls. 1.70, and KNM Fls. 1.10.

Elsewhere, OCF Grienden rose Fls. 1.20, Algemene Bank Fls. 1.30, and Lanx Bearer Fls. 1.20, but State Loans were marginally lower.

GERMANY—Price movements were narrowly mixed following a very quiet trading session, brought forward by one hour due to the Shrove-Tuesday holiday.

Mannesmann and BBC were up each by DM 12.00 in former Steels and Electricals. However, easier

Stores had Karstadt DM 7.5 down to DM 297.5.

Public Authority Bonds rose afresh by up to 20 pfennigs, and the Regulating Authorities sold a nominal DM 15m. of paper (DM 15m.). Mark Foreign Loans remained steady.

MILAN—Stocks generally moved

further ahead in fairly active trading, marked by strong demand.

Sini Viscosa, up 41 at L350, and Liquigas Group shares led industrials higher. ANIC advanced 7.7 to L155 in Chemicals.

Of the two Montedison issues,

Montedison/Gemina gained 3.6 per cent, but the non-Gemina share fell 1.8 per cent, following announcement of the forthcoming unification of the two share quotes.

Montefibre and Immobiliare retreated against the trend.

Bonds were little changed.

SPAIN—Andemic trading continued, with stocks ending a shade easier for choice and leaving the General Index 0.28 lower at 93.31. SEAT were marked down 4 points to 75 after being overvalued, while Gruas Pintorres declined 9.1, but El Alguacil was a bright spot, closing 1 at 88.

SWITZERLAND—Market recovered a predominance of losses.

Among Banks, Credit Suisse

declined 20 to Sw.Frs. 2,435, while Financials had Forbo and Pirelli lower, but Elektrowatt added 20 to Sw.Frs. 1,820 and Interfood "B" to

Sw.Frs. 3,350.

AMSTERDAM—A firm tone

prevailed in light trading.

Best gains occurred in Transports, Van Ommen adding Fls. 5.50, Nedlloyd Fls. 2.40, KLM Fls. 1.70, and KNM Fls. 1.10.

Elsewhere, OCF Grienden rose Fls. 1.20, Algemene Bank Fls. 1.30, and Lanx Bearer Fls. 1.20, but State Loans were marginally lower.

GERMANY—Price movements were narrowly mixed following a very quiet trading session, brought forward by one hour due to the Shrove-Tuesday holiday.

Mannesmann and BBC were up each by DM 12.00 in former Steels and Electricals. However, easier

Stores had Karstadt DM 7.5 down to DM 297.



## STOCK EXCHANGE REPORT

Gains in Gilts wiped out late by money growth fears  
Equities below best in thin trade—Index up 5.6 at 463.7

## Account Dealing Dates

First Declara- Last Account Dealings (Days) Dealings Day

Jan. 30 Feb. 9 Feb. 16 Feb. 21

Feb. 13 Feb. 23 Feb. 24 Mar. 7

Feb. 27 Mar. 9 Mar. 10 Mar. 21

\*\* Notional dealing days from 1.30 to 2 business days earlier.

A technical rally in Gilts ended yesterday was sharply reversed in the late trade when the announcement of banks' eligible liabilities was released. These proved much worse than had been expected and led to fears of a sharp increase in the growth of money supply figures which are due to be announced next week.

Gains to a full point in the Funds were completely eliminated and quotations in inter-office dealings were still softening. Earlier optimism about the banks' figures was partly responsible for the improvement earlier in the day, and other helpful influences included Press comment pointing to good January trade returns and on the end of dividend controls after July 31 in the absence of further legislation.

The sensitive state of the equity market was quite clearly illustrated by the jump of over five points in the FT 20-share index after the first half-hour. The rise was gradually extended in a thin trade, mostly bear-covering and "cheap" buying, but a rise of 1.9 at the day's best at 3 p.m. was subsequently reduced to a close of 463.7, up 5.6. This was against a loss of 11.7 over the three previous business days.

In line with recent occasions when the equity market had moved firmly, official markings fell away and came to 5.52 at compared with 6.411 on Monday and 6.388 on Tuesday of last week.

The late easing tendency failed to reach most second-line stocks and rates outnumbered falls in FT quoted equities, by more than two-to-one, for the first time in trading sessions. The same trend was seen in the broad-based FT, with rates falling with only one of the 46 groups and sub-sections showing rises; the average rise was 1.1 per cent, as in the All-share Index at 201.85.

## Late reversal in Gilts

A good rally in British Funds was dramatically reversed after the official close yesterday following receipt of the clearing banks' latest eligible liabilities. These were interpreted as very firm, supporting and potentially easing, which had earlier rallied to a full point, were wiped out as stock came on offer again and quotations were progressively lowered. The net result left several high-coupon longs 1 down, while similar losses appeared against shorter maturities of current appeal, which in the morning trade had enjoyed rises ranging to 1. Technical recovery after Marchwiel at 255p, while Taylor expected but the movement Woodrow improved 4 to 384p. A good investment demand developed for J. Brown, which

accelerated by newspaper comment on next week's Trade figures and less damaging views about the authorities' handling of money supply. This week's fairly sharp rise in the rate, up from 7.5 per cent. to 8 per cent., on the latest batch of local authority year-long bonds made no impression on sentiment. Corporations were generally unaltered, the upturn in the main funds coming too late to affect the market, while Southern Rhodesian bonds marked time awaiting positive developments in the Peace talks.

Although the overall movement in the investment currency premium was fairly modest, some good-size institutional business on buying and selling account was concluded; after improving initially to 7.7 per cent., the rate eased to 7.61 at 7.62 per cent. before closing a net 1 down at 7.62 per cent. Yesterday's SE conversion factor was 0.7598 (0.7577).

## Banks below best

The major clearing Banks expressed late disappointment with the latest Bank of England figures and closed a few pence below the best. Midland were finally 2 down, while the new paid finished 3 better at 14p premium, after 15p premium. Lloyds settled 4 up at 260p and Barclays 3 dearer at 315p, after 318p. NatWest closed 6 to the good at 263p, after 270p; the preliminary results are due on February 28.

Interest in Composite Insurance was at a low ebb but prices moved in line with the recent fund-raising fears and recovered 7 at 377p, while Alliance improved a similar amount to 261p. Eagle Star picked up 4 to 143p and Phoenix recovered 3 at 277p, while General rose 8 to 218p; the annual interim results are due on March 1. Among Brokers, Willis, Faber improved 3 to 203p in belated response to Press comment. The same trend was seen in the broad-based FT, with rates falling with only one of the 46 groups and sub-sections showing rises; the average rise was 1.1 per cent, as in the All-share Index at 201.85.

Enclosed are the latest figures for the latest Midland were finally 2 down, while the new paid finished 3 better at 14p premium, after 15p premium. Lloyds settled 4 up at 260p and Barclays 3 dearer at 315p, after 318p. NatWest closed 6 to the good at 263p, after 270p; the preliminary results are due on February 28.

Interest in Composite Insurance was at a low ebb but prices moved in line with the recent fund-raising fears and recovered 7 at 377p, while Alliance improved a similar amount to 261p. Eagle Star picked up 4 to 143p and Phoenix recovered 3 at 277p, while General rose 8 to 218p; the annual interim results are due on March 1. Among Brokers, Willis, Faber improved 3 to 203p in belated response to Press comment. The same trend was seen in the broad-based FT, with rates falling with only one of the 46 groups and sub-sections showing rises; the average rise was 1.1 per cent, as in the All-share Index at 201.85.

Enclosed are the latest figures for the latest

Midland were finally 2 down, while the new paid finished 3 better at 14p premium, after 15p premium. Lloyds settled 4 up at 260p and Barclays 3 dearer at 315p, after 318p. NatWest closed 6 to the good at 263p, after 270p; the preliminary results are due on February 28.

Interest in Composite Insurance was at a low ebb but prices moved in line with the recent fund-raising fears and recovered 7 at 377p, while Alliance improved a similar amount to 261p. Eagle Star picked up 4 to 143p and Phoenix recovered 3 at 277p, while General rose 8 to 218p; the annual interim results are due on March 1. Among Brokers, Willis, Faber improved 3 to 203p in belated response to Press comment. The same trend was seen in the broad-based FT, with rates falling with only one of the 46 groups and sub-sections showing rises; the average rise was 1.1 per cent, as in the All-share Index at 201.85.

Enclosed are the latest figures for the latest Midland were finally 2 down, while the new paid finished 3 better at 14p premium, after 15p premium. Lloyds settled 4 up at 260p and Barclays 3 dearer at 315p, after 318p. NatWest closed 6 to the good at 263p, after 270p; the preliminary results are due on February 28.

Enclosed are the latest figures for the latest

Midland were finally 2 down, while the new paid finished 3 better at 14p premium, after 15p premium. Lloyds settled 4 up at 260p and Barclays 3 dearer at 315p, after 318p. NatWest closed 6 to the good at 263p, after 270p; the preliminary results are due on February 28.

Interest in Composite Insurance was at a low ebb but prices moved in line with the recent fund-raising fears and recovered 7 at 377p, while Alliance improved a similar amount to 261p. Eagle Star picked up 4 to 143p and Phoenix recovered 3 at 277p, while General rose 8 to 218p; the annual interim results are due on March 1. Among Brokers, Willis, Faber improved 3 to 203p in belated response to Press comment. The same trend was seen in the broad-based FT, with rates falling with only one of the 46 groups and sub-sections showing rises; the average rise was 1.1 per cent, as in the All-share Index at 201.85.

Enclosed are the latest figures for the latest

Midland were finally 2 down, while the new paid finished 3 better at 14p premium, after 15p premium. Lloyds settled 4 up at 260p and Barclays 3 dearer at 315p, after 318p. NatWest closed 6 to the good at 263p, after 270p; the preliminary results are due on February 28.

Interest in Composite Insurance was at a low ebb but prices moved in line with the recent fund-raising fears and recovered 7 at 377p, while Alliance improved a similar amount to 261p. Eagle Star picked up 4 to 143p and Phoenix recovered 3 at 277p, while General rose 8 to 218p; the annual interim results are due on March 1. Among Brokers, Willis, Faber improved 3 to 203p in belated response to Press comment. The same trend was seen in the broad-based FT, with rates falling with only one of the 46 groups and sub-sections showing rises; the average rise was 1.1 per cent, as in the All-share Index at 201.85.

Enclosed are the latest figures for the latest

Midland were finally 2 down, while the new paid finished 3 better at 14p premium, after 15p premium. Lloyds settled 4 up at 260p and Barclays 3 dearer at 315p, after 318p. NatWest closed 6 to the good at 263p, after 270p; the preliminary results are due on February 28.

Interest in Composite Insurance was at a low ebb but prices moved in line with the recent fund-raising fears and recovered 7 at 377p, while Alliance improved a similar amount to 261p. Eagle Star picked up 4 to 143p and Phoenix recovered 3 at 277p, while General rose 8 to 218p; the annual interim results are due on March 1. Among Brokers, Willis, Faber improved 3 to 203p in belated response to Press comment. The same trend was seen in the broad-based FT, with rates falling with only one of the 46 groups and sub-sections showing rises; the average rise was 1.1 per cent, as in the All-share Index at 201.85.

Enclosed are the latest figures for the latest

Midland were finally 2 down, while the new paid finished 3 better at 14p premium, after 15p premium. Lloyds settled 4 up at 260p and Barclays 3 dearer at 315p, after 318p. NatWest closed 6 to the good at 263p, after 270p; the preliminary results are due on February 28.

Interest in Composite Insurance was at a low ebb but prices moved in line with the recent fund-raising fears and recovered 7 at 377p, while Alliance improved a similar amount to 261p. Eagle Star picked up 4 to 143p and Phoenix recovered 3 at 277p, while General rose 8 to 218p; the annual interim results are due on March 1. Among Brokers, Willis, Faber improved 3 to 203p in belated response to Press comment. The same trend was seen in the broad-based FT, with rates falling with only one of the 46 groups and sub-sections showing rises; the average rise was 1.1 per cent, as in the All-share Index at 201.85.

Enclosed are the latest figures for the latest

Midland were finally 2 down, while the new paid finished 3 better at 14p premium, after 15p premium. Lloyds settled 4 up at 260p and Barclays 3 dearer at 315p, after 318p. NatWest closed 6 to the good at 263p, after 270p; the preliminary results are due on February 28.

Interest in Composite Insurance was at a low ebb but prices moved in line with the recent fund-raising fears and recovered 7 at 377p, while Alliance improved a similar amount to 261p. Eagle Star picked up 4 to 143p and Phoenix recovered 3 at 277p, while General rose 8 to 218p; the annual interim results are due on March 1. Among Brokers, Willis, Faber improved 3 to 203p in belated response to Press comment. The same trend was seen in the broad-based FT, with rates falling with only one of the 46 groups and sub-sections showing rises; the average rise was 1.1 per cent, as in the All-share Index at 201.85.

Enclosed are the latest figures for the latest

Midland were finally 2 down, while the new paid finished 3 better at 14p premium, after 15p premium. Lloyds settled 4 up at 260p and Barclays 3 dearer at 315p, after 318p. NatWest closed 6 to the good at 263p, after 270p; the preliminary results are due on February 28.

Interest in Composite Insurance was at a low ebb but prices moved in line with the recent fund-raising fears and recovered 7 at 377p, while Alliance improved a similar amount to 261p. Eagle Star picked up 4 to 143p and Phoenix recovered 3 at 277p, while General rose 8 to 218p; the annual interim results are due on March 1. Among Brokers, Willis, Faber improved 3 to 203p in belated response to Press comment. The same trend was seen in the broad-based FT, with rates falling with only one of the 46 groups and sub-sections showing rises; the average rise was 1.1 per cent, as in the All-share Index at 201.85.

Enclosed are the latest figures for the latest

Midland were finally 2 down, while the new paid finished 3 better at 14p premium, after 15p premium. Lloyds settled 4 up at 260p and Barclays 3 dearer at 315p, after 318p. NatWest closed 6 to the good at 263p, after 270p; the preliminary results are due on February 28.

Interest in Composite Insurance was at a low ebb but prices moved in line with the recent fund-raising fears and recovered 7 at 377p, while Alliance improved a similar amount to 261p. Eagle Star picked up 4 to 143p and Phoenix recovered 3 at 277p, while General rose 8 to 218p; the annual interim results are due on March 1. Among Brokers, Willis, Faber improved 3 to 203p in belated response to Press comment. The same trend was seen in the broad-based FT, with rates falling with only one of the 46 groups and sub-sections showing rises; the average rise was 1.1 per cent, as in the All-share Index at 201.85.

Enclosed are the latest figures for the latest

Midland were finally 2 down, while the new paid finished 3 better at 14p premium, after 15p premium. Lloyds settled 4 up at 260p and Barclays 3 dearer at 315p, after 318p. NatWest closed 6 to the good at 263p, after 270p; the preliminary results are due on February 28.

Interest in Composite Insurance was at a low ebb but prices moved in line with the recent fund-raising fears and recovered 7 at 377p, while Alliance improved a similar amount to 261p. Eagle Star picked up 4 to 143p and Phoenix recovered 3 at 277p, while General rose 8 to 218p; the annual interim results are due on March 1. Among Brokers, Willis, Faber improved 3 to 203p in belated response to Press comment. The same trend was seen in the broad-based FT, with rates falling with only one of the 46 groups and sub-sections showing rises; the average rise was 1.1 per cent, as in the All-share Index at 201.85.

Enclosed are the latest figures for the latest

Midland were finally 2 down, while the new paid finished 3 better at 14p premium, after 15p premium. Lloyds settled 4 up at 260p and Barclays 3 dearer at 315p, after 318p. NatWest closed 6 to the good at 263p, after 270p; the preliminary results are due on February 28.

Interest in Composite Insurance was at a low ebb but prices moved in line with the recent fund-raising fears and recovered 7 at 377p, while Alliance improved a similar amount to 261p. Eagle Star picked up 4 to 143p and Phoenix recovered 3 at 277p, while General rose 8 to 218p; the annual interim results are due on March 1. Among Brokers, Willis, Faber improved 3 to 203p in belated response to Press comment. The same trend was seen in the broad-based FT, with rates falling with only one of the 46 groups and sub-sections showing rises; the average rise was 1.1 per cent, as in the All-share Index at 201.85.

Enclosed are the latest figures for the latest

Midland were finally 2 down, while the new paid finished 3 better at 14p premium, after 15p premium. Lloyds settled 4 up at 260p and Barclays 3 dearer at 315p, after 318p. NatWest closed 6 to the good at 263p, after 270p; the preliminary results are due on February 28.

Interest in Composite Insurance was at a low ebb but prices moved in line with the recent fund-raising fears and recovered 7 at 377p, while Alliance improved a similar amount to 261p. Eagle Star picked up 4 to 143p and Phoenix recovered 3 at 277p, while General rose 8 to 218p; the annual interim results are due on March 1. Among Brokers, Willis, Faber improved 3 to 203p in belated response to Press comment. The same trend was seen in the broad-based FT, with rates falling with only one of the 46 groups and sub-sections showing rises; the average rise was 1.1 per cent, as in the All-share Index at 201.85.

Enclosed are the latest figures for the latest

Midland were finally 2 down, while the new paid finished 3 better at 14p premium, after 15p premium. Lloyds settled 4 up at 260p and Barclays 3 dearer at 315p, after 318p. NatWest closed 6 to the good at 263p, after 270p; the preliminary results are due on February 28.

Interest in Composite Insurance was at a low ebb but prices moved in line with the recent fund-raising fears and recovered 7 at 377p, while Alliance improved a similar amount to 261p. Eagle Star picked up 4 to 143p and Phoenix recovered 3 at 277p, while General rose 8 to 218p; the annual interim results are due on March 1. Among Brokers, Willis, Faber improved 3 to 203p in belated response to Press comment. The same trend was seen in the broad-based FT, with rates falling with only one of the 46 groups and sub-sections showing rises; the average rise was 1.1 per cent, as in the All-share Index at 201.85.

Enclosed are the latest figures for the latest

Midland were finally 2 down, while the new paid finished 3 better at 14p premium, after 15p premium. Lloyds settled 4 up at 260p and Barclays 3 dearer at 315p, after 318p. NatWest closed 6 to the good at 263p, after 270p; the preliminary results are due on February 28.

Interest in Composite Insurance was at a low ebb but prices moved in line with the recent fund-raising fears and recovered 7 at 377p, while Alliance improved a similar amount to 261p. Eagle Star picked up 4 to 143p and Phoenix recovered 3 at 277p, while General rose 8 to 218p; the annual interim results are due on March 1. Among Brokers, Willis, Faber improved 3 to 203p in belated response to Press comment. The same trend was seen in the broad-based FT, with rates falling with only one of the 46 groups and sub-sections showing rises; the average rise was 1.1 per cent, as in the All-share Index at 201.85.

Enclosed are the latest figures for the latest

Midland were finally 2 down, while the new paid finished 3 better at 14p premium, after 15p premium. Lloyds settled 4 up at 260p and Barclays 3 dearer at 315p, after 318p. NatWest closed 6 to the good at 263p, after 270p; the preliminary results are due on February 28.

Interest in Composite Insurance was at a low ebb but prices moved in line with the recent fund-raising fears and recovered 7 at 377p, while Alliance improved a similar amount to 261p. Eagle Star picked up 4 to 143p and Phoenix recovered 3 at 277p, while General rose 8 to 218p; the annual interim results are due on March 1. Among Brokers, Willis, Faber improved 3 to 203p in belated response to Press comment. The same trend was seen in the broad-based FT, with rates falling with only one of the 46 groups and sub-sections showing rises; the average rise was 1.1 per cent, as in the All-share Index at 201.85.

Enclosed are the latest figures for the latest

Midland were finally 2 down, while the new paid finished 3 better at 14p premium, after 15p premium. Lloyds settled







RATING  
SURVEYORS

BERNARD THORPE  
& PARTNERS

LONDON, SW1 TEL: 01-834 6890

# FINANCIAL TIMES

Wednesday February 8 1978

**H+G LTD**  
STEEL SUPPLIERS TO THE WORLD  
STOCKHOLDERS EXPORTERS IMPORTERS  
HENDERSON AND GLASS LTD  
269 EGYPT ROAD, LIVERPOOL, L3 3LS  
TEL: 051-207 1861, TELEX: 650474  
A MEMBER OF THE ROBERT SMITH GROUP

## Ethiopians launch massive Soviet-backed offensive

BY JAMES BUXTON

ETHIOPIAN armed forces are Front in Mogadishu, the Somali lion, including a major airlift making an all-out attack on capital, spoke of Somali forces for the Ethiopian armed forces. However, the Ethiopian campaign is officially described as a "concerned action" because the Ethiopians regard any action on their territory as essentially defensive.

Although it is not officially described as a counter offensive, the two-pronged attack launched about 10 days ago from the towns of Hafar and Dire Dawa is the long-awaited move by the Ethiopians to recover the territory they lost last year to Somali forces, according to Mr. Basu Girma, acting Minister of Information.

He confirmed to-night that the Somali forces had been driven back. "We are committing all our forces in the area to an all-out offensive," he said.

On Monday a member of the Derg (the ruling military junta) said that Somali forces cause of the Ethiopians' military "were being routed in all directions." Reports from the Soviet Union has carried out a large scale re-supply opera-

Ethiopian also wants to dispel any idea that it intends, as Somalia has repeatedly claimed, to cross into Somalia itself and demand a Somali withdrawal from the southern part of the Ogaden.

Military details are few but a key objective of the attack

to be recaptured is the town of Jijiga, which Ethiopia lost to the Somalis last September. Mr. Basu claimed that it could fall within days or hours.

It is believed here that

Western Somalia Liberation

group, including a major airlift making a tactical withdrawal. Western diplomats here believe there are at least 4,000 Russian and Cuban advisers in Ethiopia.

While most of the estimated 3,000 Cubans appear to be entangled at the front, either in the Ogaden or in the northern province of Eritrea and thus are not often seen in Addis Ababa, the Russian presence is barely concealed. There is a large Soviet communications centre consisting of aerials and heavy trucks close to a smart residential area of the city.

Earlier to-day Second Lieutenant Tamer Farid, a leading member of the Derg, said: "I can assure you that Ethiopia has no intention of invading Somalia."

In a statement he said: "It is our obligation to defend our national integrity and our revolution by driving the invading enemy out of our country.

In Addis Ababa Russians are frequently seen entering and leaving the Ministry of Defence. Their communications centre is manned by men in jeans and T-shirts occasionally carrying sub-machine guns.

ADDIS ABABA, Feb. 7.

**U.K. £100m. order for Boeing helicopters**

By Michael Donne,  
Aerospace Correspondent

THE U.K. is to buy 30 CH-47 Chinook medium-lift helicopters for the RAF, worth more than £100m., from Boeing Vertol, a member of the U.S. Boeing group.

Negotiations for the deal are in progress, following signing of an Intent to Purchase by U.K. officials on January 31 in Philadelphia.

The deal envisages deliveries to the RAF starting in 1980, and being completed the following year.

Part of the cost will be covered by offset arrangements, with U.K. companies providing the electronics equipment for the aircraft. Other forms of offset work not necessarily involving the Chinooks might be arranged.

It is understood that British Airways Helicopters is also interested in buying Chinooks for its North Sea oil operations. An order for three aircraft is likely to be placed soon.

The Chinook was originally planned for the RAF as long ago as the mid-1960s. An order placed in March, 1967, for 15 aircraft was cancelled. The RAF's need for this aircraft has not diminished, and with the recent strengthening of Warsaw Pact conventional forces, requiring increased mobility on the part of the West, the need has taken on a new urgency.

The Chinook is a twin-engined, twin-rotor helicopter, capable of lifting up to 44 troops. The U.K. does not make helicopters of this size.

**Murray hints at further 12-month rule support**

BY CHRISTIAN TYLER, LABOUR EDITOR

UNEXPECTED SUPPORT for connection in the coming year" that ambition. The Government's pay policy came yesterday from Mr. Len Murray, general secretary of the TUC, at a meeting with miners' leaders.

Mr. Murray told them that, although the TUC Congress had not committed itself to an extension of the rule that there must be a 12-month gap between pay rises, many unions had accepted that it would help the "orderly" return to collective bargaining.

"It was clear that many unions had accepted that in the present year an orderly return to collective bargaining would be assisted by the maintenance of a 12-month interval between settlements, and settlements had been taking place on that basis," the TUC said afterwards.

"Mr. Murray pointed out that he was not in a position to anticipate whether or not Congress would wish to give positive advice to unions in this or any other year. But Mr. Murray's remarks last night appear to have scuttled

the TUC's Economic Committee, meeting today to put the finishing touches to its economic programme.

Mr. Murray, asked to review and Budget demands see Mr. Murray to explore the scope for their claim ahead of today's resumed negotiations.

The miners are looking for Government's 10 per cent. earnings limit at all—and this Mr. Murray pointed out again yesterday.

Failure that they are seeking an eight-month deal from March 1 to bring them back to their traditional anniversary of November. From November they would like a long-term deal of perhaps three years with annual cost-of-living adjustments.

Having already accepted the 12-month rule as it applies to Phase Two settlements, NUM leaders calculate that they can more easily sell a 10 per cent. rise from March 1 if they can also hold out the promise of further negotiations this year.

Now, however, Mr. Murray, while sticking to the formal outlines of TUC policy, appears to have given considerable support to the guidelines set down in the White Paper of July last year.

**Private wealth at end of 1976 stood at £325bn. net**

BY MICHAEL BLANDEN

PRIVATE wealth in the U.K. totalled a net £325bn. at the end of 1976, according to Central Statistical Office figures published to-day.

The total, covering private individuals, is arrived at after deducting debts owed by households of around £12bn., of which around two-thirds represented mortgages.

During 1976, the wealth of households increased by £4bn. or 14.2 per cent. The rise reflected changes in the quantity of assets held—and in their value.

The main reason for the increase was a rise in wealth held in the form of physical assets, mainly houses, although some items fell, including particularly Ordinary shares.

The figures, published in the Treasury's Economic Trends come in the Central Statistical Office's submission to the Diamond Commission on the distribution of income and wealth.

The submission provides more comprehensive figures of the personal sector balance sheet for 1975 and for the first time up-dates provisional estimates to 1976.

Out of total net assets in 1976, financial assets accounted for £221bn., including £180bn. in dwellings and £45bn. in consumer durables goods.

Financial assets represented £47bn., with the most important item being policyholders' funds in life assurance and pension funds (£27bn.), building society

Ordinary shares.

How wealth is invested, Page 17

**Rolls recalls cars for check**

BY TERRY DODSWORTH, MOTOR INDUSTRY CORRESPONDENT

ROLLS-ROYCE MOTORS has embarked on a world-wide recall of its Silver Shadow, Camargue and Corniche models to carry out safety modifications.

The problem appears to be related to fittings attached to the automatic speed control used on the cars.

This device is designed to keep the car running at a constant speed without using the accelerator. But in certain conditions the recall follows the revamping of the Silver Shadow a year ago. A new design of the Econo-

system and allow the car to revert to normal controls, does not work.

Rolls-Royce said yesterday that the recall was simply to be on the safe side. "There has not been a single accident due to the problem. However, there is a chance in a million that there could be an accident and we do not intend taking that chance."

The recall follows the revamping of the Silver Shadow a year ago. A new design of the Econo-

cruise speed control device, made by Associated Engineering, is now being installed in the vehicles. This says Rolls-Royce, has solved the problem, which appears to have involved the wiring systems rather than the device itself.

Rolls-Royce's action, by far the most important recall it has made during the last decade, illustrates the increasing sensitivity of car companies to any safety-related fault.

Continued from Page 1

**Methven threat of action by CBI**

overnment went further on its sanctions policy. As a result, the idea of boycotting Government contracts was developed although the confederation was torn about what to do because some of its members find the possible threat of sanctions a useful bargaining counter when negotiating pay rises with their unions.

Nevertheless, it was decided recently to go ahead if the Government tried to formalise its sanctions operations.

Yesterday, Sir John met Mr. Hattersley shortly before the Commons announcement. Mr. Hattersley told him what he would be saying and Sir John told him of the confederation's response.

Sir John added that there were

sub-contractors paid an employee too much, even on other non-Government work.

**FIFTH**, without indemnity clauses, a main contractor had no comeback on a sub-contractor if he lost a Government contract.

**SIXTH**, the "actual terms of the termination of contract proposal by the Government are totally unreasonable."

The confederation is aware that its proposal would have to be registered under the Restrictive Practices Act with the Office of Fair Trading of which Sir John was director-general before going to the CBI in July 1976.

Sir John is a lawyer and, on the basis of his experience and having received outside legal

**Imps fall in profit and share of market**

By Stuart Alexander

TOBACCO provided less than half of Imperial Group profits for the first time in the company's history, according to the results for the year ending October 31, 1977, announced yesterday.

As well as profits being down, the company's share of the British cigarette market was down by 5 per cent. During the year the total cigarette market fell by about 10 per cent, said Imperial.

A quick recovery is not expected. Mr. John Pile, chairman, said: "We must expect more problems ahead, no doubt, but these are problems we will overcome."

Group sales for 1977 were up £3.2bn. compared with £2.86bn. in 1976, but group pre-tax profits were slightly down at £129m. compared with £130m. in the previous year.

The tobacco division

profits were down from £51.7m.

to £48.9m. in 1976.

Other divisions did

better with food improving pre-tax profits by nearly £2m. to £22.4m. and Courage brewery by £1.5m. to £12.5m.

**Growth to 40%**

Mr. James McKinnon, finance director, said that any improvement in group profitability was due entirely to inflation rather than an increase in volume.

The fall in the tobacco division surplus stemmed mainly from lower volume sales. Mr. Tony Garrett, chairman of the tobacco division, said that Imperial had about 40 per cent. of the king-size market, which had grown to about 40 per cent. of the total market.

But marketing had been hit by the price war. He expected this to settle down after Easter with the king-size sector accounting for about half the market.

Sales of cigarettes containing the company's own substitute NSM had been disappointing.

The total substitute market was about 0.8 per cent. of the whole, and he thought there was not much hope for the future. Closing down the plant at Ardern, Scotland, which manufactures NSM was "an option that is open to us." However, it is thought that Imperial will continue to make cigarettes with NSM until the budget in the hope of a tax concession on substitute

products.

Given these depressing statistics the only question for the market is what price the Government Broker will start selling stock. There is no question that the market was slightly larger than estimated by Imperial

Company news Page 18

Continued from Page 1

**Pay pledge**

in support of the counter inflation policy. "We shall do so whenever the law and constitutional propriety permit," he said to Tory peers.

But he described as "preposterous" Conservative charges that the use of these powers had not been justified by law and that they had been applied furiously or even secretly.

His underlying argument was that the Government's first priority must remain to conquer inflation and he claimed that the year-on-year inflation rate was now down to single figures.

"The retail price index for February to be published in five weeks will confirm that we are down to single figures and that inflation is falling and will continue to fall fast," he said.

The main reason the Government had decided not to publish the names of companies on its blacklist was the damaging effect such publicity could have. Mr. Hattersley said the chairman of Sun Alliance had written to him pointing out that since the company's dispute with the Government was made public 10 per cent. had been knocked off the value of its shares.

Nevertheless, the Government planned to start talks with the CBI, Chambers of Commerce and other employer organisations, so that if in their judgment the interests of affected companies would not be harmed the names on the Government's blacklist would be published.

Nevertheless, the Government

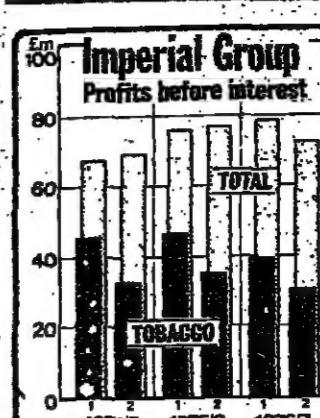
proposed to start talks with the CBI, Chambers of Commerce and other employer organisations, so that if in their judgment the interests of affected companies would not be harmed the names on the Government's blacklist would be published.

Continued from Page 1

**THE LEX COLUMN**

**Market caught off guard**

**Index rose 5.6 to 463.7**



will probably be dreary after the trend could change. Imps says that in the cigarette market, was slipping throughout year, has now picked up what. And it hopes the trading background stabilise in a few months—in which case its might start to strengthen the same time, it is looking an improvement at. Co after another distinctly impressive year, and the packaging sides could be better.

So profits could actually a bit higher for the year whole. And the group's an almost embarrassing balance sheet, with short borrowings of £15m. matched by its gilt-edged

offer if he is to get his funding programme rolling once again. This week's final £320m.

call on Treasury, 10.4 per cent 1988 will have helped cover some of the February funding requirement but the final call on the long tap is less than three weeks away and this will need to be taken up if the GB is to make any headway in meeting the March funding requirement.

### Imperial Group

Imperial Group's profits for the year to October are a shade at £129m. pre-tax. This contrasts with last July's forecast of a "somewhat higher" outturn, but the group has made no secret of its problems in the intervening months.

In particular, the tobacco side has had to cope with an industry wide fall of as much as a tenth in cigarette volume over the year, an expensive dip with synthetic brands, and a complete upheaval in the market place as a result of changes in the duty structure. Imps' share of the overall market fell 5 points to an average of about 6.1 per cent over the year. But against this it has successfully established a major presence in the king-sized sector, which now accounts for over 40 per